

# Appendix

## Wiley Urges Three-Point Program on Berlin

### EXTENSION OF REMARKS

OF

## HON. ALEXANDER WILEY

OF WISCONSIN

IN THE SENATE OF THE UNITED STATES

Tuesday, August 15, 1961

Mr. WILEY. Mr. President, the slamming shut of the gates between East and West Berlin represents a provocative act—a flagrant violation of postwar treaties.

Paradoxically, the Reds have created a new explosive situation. Yet, propagandawise, they are blaming the West—claiming that we are using the Berlin crisis to create war hysteria.

If we let them get away with it, then we, ourselves, are at fault.

Actually, we have an excellent case to present to the court of the world opinion: First, we are right, under international law; and, second, the propaganda value of the exodus, en masse, of the East German people too loudly refutes Khrushchev's claim that grandchildren of the West will live under communism. Rather, it demonstrates that not even the present generation behind the Iron Curtain wishes to live under communism.

Because the Reds, however, are obviously going to push the world closer to the brink of war, we must steel ourselves for successive provocative acts, as the deadline draws nearer for a signing by Khrushchev of a separate peace treaty with East Germany.

Over the weekend I was privileged to discuss other aspects of the Berlin crisis in an address over radio station WGN, Chicago. I ask unanimous consent to have excerpts of the text of the broadcast printed in the Appendix of the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

Today, the world is teetering dangerously on the brink of war.

In Berlin, particularly, the Soviet-created crisis threatens to result in a showdown of force between the Western alliance and the Communist world.

In the minds of millions of people, the question is now being asked: Can a nuclear-missile war be avoided?

For reasonable people—concerned with peace, rather than power seeking—the answer is obvious: Yes, we must avoid a war.

However, it is difficult to predict tactics or strategy of Communist thinking.

Because of the suicidal dangers of risking a third world war, even the Communist leaders—we hope and pray—will realize its inadvisability.

Despite Khrushchev's missile flexing, the West is rightly standing firm against Red coercive efforts to obtain one-sided concession in Berlin.

Adhering to a tough policy, Khrushchev has nevertheless indicated that he is willing to further confer on the issues of Berlin and Germany. OK let's talk to him. But—let's not go emptyhanded to a conference.

What should be the foundation of Western policy? Among other activities, the following:

1. Mobilization of military forces to demonstrate to Khrushchev that the West intends to protect its rights, live up to its obligations and commitments, and not make any one-sided concessions;

2. Educate the world opinion—a growing influence in determining disputes—to the real factors behind the Berlin crisis—not allow judgments to be formed on distortions by Communist propaganda;

3. Propose alternatives to a showdown of force over Berlin, including: (a) U.N. participation in a settlement of the issues, (b) a voice by the German people—by secret ballot—in determining their future, or (c) agreement to accept the nonwar status quo—until progress can be made toward resolving the differences between East and West in both the cases of Berlin and Germany itself.

As for Communist policy, Khrushchev continues to threaten to sign a separate treaty with East Germany. What would be the significance of such a treaty?

Realistically this would be a mock gesture. The East German Government continues to be a puppet—with Moscow pulling the strings. The omnipresence of 450,000 Soviet troops in East Germany assures that this puppet doesn't act by itself. Presumably the signing of a separate treaty then could only have one real objection: Provide a false-front effort to shift blame for troublemaking over Berlin from Moscow to the Red overlords of East Germany.

However, the world, I believe, will not be fooled by such deceptive shenanigans.

As events progress toward a climax, we must not lose the battle by default or inadequacy. Rather, we must adequately present our case and demonstrate a willingness to support the cause of justice with whatever force is necessary. A strong policy will, I believe, avoid a defeat over the Berlin-German issue; perhaps obtain at least continuation of the status quo; and, we hope and pray prevent a third world war.

## The Friend Ship

### EXTENSION OF REMARKS

OF

## HON. FRANK A. STUBBLEFIELD

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. STUBBLEFIELD. Mr. Speaker, as the House of Representatives begins discussion of the foreign aid bill, I would like to call the attention of my colleagues to a grassroots, people-to-people assistance project that has its origin and headquarters in the First District of Kentucky.

I refer to the Friend Ship to Jordan project through which small gifts from

hundreds of Americans are making possible the filling of a shipload of medical equipment, agricultural tools, and school supplies for Arab refugees in Jordan.

The people of western Kentucky and other States are grateful for the inspired leadership of Dr. Walter O. Parr, of Paducah, Ky., who originated and is directing the project. Dr. Parr is known and admired by thousands of people in Kentucky and throughout the South. His tireless efforts during the past year have made the Friend Ship to Jordan a success.

My hometown of Murray, Ky., has responded to Dr. Parr's efforts and is contributing a truck to Jordanian farmers. Other small towns have made similar contributions.

I am proud to have the honor to represent in the House of Representatives the part of Kentucky where Dr. Parr makes his home and headquarters—the district whose citizens have responded so enthusiastically to this private aid program.

Western Kentucky has known natural disasters in the past. In 1937, a flood of the Ohio River inundated more than two-thirds of the city of Paducah. It is particularly appropriate that a program of assistance to less fortunate people should be headquartered in Paducah.

Under leave to extend my remarks I would like to include as a part of my remarks a recent article in Time magazine about Dr. Walter O. Parr and his Friend Ship to Jordan:

### THE FRIEND SHIP

Walter Parr of Paducah, Ky., can spot the two turning points in his life to the day and minute. The first came when he was 18 and riding his horse one night near his hometown of Bowle, Tex. Suddenly a ball of fire seemed to flash across the sky in front of him, and he heard a voice say: "I am God, who has called you." Walter Parr knew then that he would devote his life to the ministry. When he told his English-born mother about it later, she exclaimed: "I knew it would happen. We never told you before, but when you were a baby, your father and I put you on the altar and dedicated you to God."

Walter Parr's second turning point came in 1952, when, as a minister of the Cumberland Presbyterian Church, he was seeing his marine sergeant son off to the Korean war. Standing on the San Diego dock studying his son's troopship loaded with men and means of war, Pastor Parr made a private promise to himself: "If my son returns, I will load a ship like that and send it to Korea with the things of peace and good will."

Marked man: He had learned something about the ways and means of international relief as regional director of the Christian rural oversea program (CROP) at Fort Worth, and when his son returned from Korea, Parr was four times as good as his word. He resigned his pastorate and organized World Friendship, Inc., which sent four shiploads of staples to Korea.

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Inevitably, Walter Parr became a marked man—marked, for one, by Jordan's Ambassador to the United States, Dr. Yusuf Halkal, who read of his one-man Korean relief program and invited him to Jordan last year to learn of Jordan's needs at firsthand.

Reliever Parr has been working on the Jordan project ever since. Concentrating on four States—Kentucky, Georgia, Florida, and Texas—he is collecting some \$1 million worth of goods. Already in hand, among other things, are: 3 tractors; a one-half ton truck; a 9-passenger station wagon; an ambulance, a fire truck; 200 head of sheep; 10 Jersey heifers; 10 beef cattle; a raft of school supplies; \$300,000 worth of drugs, medical supplies, and hospital equipment; refrigerators; washing machines; sewing machines; salt and pepper shakers; can openers; frying pans; about 200 baby beds for a refugee children's hospital, baby bottles, diapers; agricultural tools, such as hoes, rakes, and plows; 2 pianos; 2 freight carloads of lumber.

#### SPIRITUAL VIEWPOINT

Last week slight, 61-year-old Reliever Parr was in western Kentucky beating the bushes for \$5,000 to buy well-digging equipment to help Jordanians supply themselves with the Middle East's greatest need: water. This week he is scheduled to visit Atmore, Ala. (population 8,173), when the town will present a new tractor and a carload of timber for the Jordan boat, scheduled to leave October 1, under the name *Jordanian Friend Ship*.

Presbyterian Parr hopes he is helping fight communism as well as discharging a Christian mission to mankind. "We must attack communism from a spiritual viewpoint," he says. "Just the idea of friendship is worth a lot." After the trip to Jordan, he plans more one-man relief projects along the same lines. "But perhaps not on such a large scale," he admitted last week. "I'm getting old, and it takes a lot of work to get together a ship."

### Development and Conservation of Water Resources

#### EXTENSION OF REMARKS OF

**HON. JOHN A. CARROLL**

OF COLORADO

IN THE SENATE OF THE UNITED STATES

Tuesday, August 15, 1961

Mr. CARROLL. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD a resolution adopted by the City Council of the city of Aurora, Colo., relating to the development and conservation of water resources.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Whereas the Colorado River storage project and participating projects were authorized by Public Law 485, providing for the construction of certain dams, powerplants, and related transmission facilities; and

Whereas the Colorado Water Conservation Board is the official State agency responsible for determining policy for the development and conservation of water resources in the best interests of the State of Colorado; and

Whereas the said Colorado Water Conservation Board has, after exhaustive analysis, determined that the future development and conservation of the remaining water resources of the State of Colorado will be served best by the construction of an all-

Federal backbone transmission system: Now therefore, be it

*Resolved by the City Council of the City of Aurora, Colo., That the city of Aurora accepts the findings of the Colorado Water Conservation Board and joins with certain other municipalities of the State of Colorado in recommending to the Congress of the United States that the findings and recommendations of the respective Secretaries of the Interior under the Eisenhower administration and under the incumbent Kennedy administration be accepted and that appropriations to implement these recommendations be made during the current session of Congress; and be it further*

*Resolved that the Secretary of the Interior and the investor-owned utilities be urged to direct their efforts to the establishment of proper interconnections between the Federal and utility systems in order that the benefits to be derived from such interconnections may be shared by the customers of both, and the net revenues to the participating projects be maximized; be it further*

*Resolved that this resolution be made a part of the minutes of this meeting of the City Council of the City of Aurora, Colo., and that a copy be forwarded to each Member of Congress from the State of Colorado, the Secretary of Interior and the Colorado Water Conservation Board.*

*Resolved and passed this 7th day of August A.D. 1961.*

HENRY W. ALLARD, Mayor.

Attest:

R. B. JOHNSTON, City Clerk.

### An Injustice Which Should Be Corrected

#### EXTENSION OF REMARKS OF

**HON. JEFFERY COHELAN**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 8, 1961

Mr. COHELAN. Mr. Speaker, in a penetrating editorial the New York Times has highlighted the issue in the current consideration of legislation which would extend the bracero program—Public Law 78—for another 2 years.

As the Times editorial so correctly states the issue:

This measure ought not to become law unless it is amended so as to give better protection to American farmworkers from the direct competition of low-paid imported labor.

I urge all who are interested in correcting a major social injustice which has been perpetrated on our domestic farmworkers to read this editorial:

#### THE FARM LABOR BILL

The Mexican farm labor bill (H.R. 2010), which would extend Public Law 78 for another 2 years, is now before the Senate. It has already been passed by the House. This measure ought not to become law unless it is amended so as to give better protection to American farmworkers from the direct competition of low-paid imported labor.

Public Law 78, due to expire at the end of the year, is the statute under which several hundred thousand Mexican "braceros" are admitted to this country temporarily, largely to harvest the crops on western and southwestern farms. The 50-cent minimum wage for the Mexicans, provided in the present law, has protected them from still lower wages. But it has also established what is

in effect a wage ceiling for American farm workers in the areas where the braceros are employed—the wage level at which the Mexicans can be made available. And worse still, this unofficial ceiling has been frozen at 50 cents by Public Law 78 for the past 10 years.

H.R. 2010 should be amended so as to require farmers who employ braceros to pay them wages that are at least equal to the average State or national wages being paid to farmworkers generally at the time—whichever is the lower. To make adjustment to this provision easier for employers the amendment should also provide that farmowners need increase their wages no more than a certain amount in any one year—possibly 10 cents an hour.

If these changes are not made and the bill should be enacted, President Kennedy should veto it.

### The Man With a Storybook Career

#### EXTENSION OF REMARKS OF

**HON. DANIEL J. FLOOD**

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. FLOOD. Mr. Speaker, it gives me a great deal of personal pleasure to have inserted in the RECORD an article on the varied and praiseworthy career of one of my constituents, Mr. Edward Brown, of Hanover Township, Luzerne County, Pa., which was featured in the July 23, 1961, edition of the Wilkes-Barre Sunday Independent. The article was written by an outstanding journalist and historian of the Wyoming Valley scene, Mr. Sheldon C. Wintermute, a staff writer of the Independent.

Mr. Speaker, in days when most newspapers bulge with scandals of all descriptions, it is a delight to present the life story of Ed Brown.

Ed Brown was my football coach at Wilkes-Barre High School. I remember him well for his fine conduct and for his ability and sincerity in his main profession, education.

Although he never became a football all-American, in my earnest opinion, Ed Brown, at the age of 75, has definitely proved a different and more important kind of all-American in his lifetime. This is indicated in his response to the query: "What job did you like best?" Ed Brown replied:

The job I've been doing for 50 years—teaching Sunday school.

The indicated article follows:

THE MAN WITH A STORYBOOK CAREER—EDWARD BROWN, 75, CAN'T REMEMBER A DULL MOMENT

(By Sheldon C. Wintermute, staffwriter)

You name it and he's done it.

And then to top it all off, he can rummage through his desk and finally find a Silver Star awarded to him for gallantry in 11 air missions over the frontlines in World War I.

Don't expect to find the subject of this story, Edward Brown of 419 River Road, Buttonwood, Hanover Township, propped in a rocking chair at his home.

At 75, he still displays much of the activity that has marked his packed-with-adventure life and he's as much at ease in heavy traffic in his Buick sedan as he was in the cockpit of a World War I plane.



A few weeks ago he and Mrs. Brown took off for Penn State campus for the 50th reunion of the class of 1911.

At the end of the festivities, Mr. Brown was known campuswide as "the man with the storybook career."

The story of "Brownie," as he is known to the surviving members of the Penn State Class of 1911, starts in a farmhouse at Dundee, Hanover Township, where he was born December 15, 1886. He was educated in the one-room school at Dundee, but decided in sixth grade he would not stop plugging until he had a college education.

#### FATHER WAS CANALMAN

His father, Hendrick Brown, was a boatman on the old canal from Nanticoke to Maryland. His grandfather, William Brown, was one of the first constables in Luzerne County.

By working on the farm and later in restaurants, Mr. Brown was able to win his diploma at Wilkes-Barre High School and then enrolled in Penn State.

Although he had to work his way through college, he found time for active participation in all sports. He was a member of the Penn State varsity football teams of 1908, 1909, and 1910. He is remembered as a "light and fast end"—having weighed only 135 pounds at that time.

He played against the Carlisle Indians, captained by Jim Thorpe, when the famous Penn State-Carlisle Indians game was played at the old Driving Park in Kingston before 10,000 fans and ended in an 8-8 tie.

#### ACTIVE IN ALL SPORTS

Although football was his favorite sport, he went out for the baseball, basketball, and wrestling teams at Penn State. He was instrumental in advancing wrestling from a class to a major sport at Penn State and was manager of the 1908 wrestling team, which was the first to enter in competition with wrestling teams from other colleges. For this he received the Stevens Wrestling Trophy.

Upon his graduation from Penn State in 1911 with a degree in forestry, he won a Government appointment as a U.S. forester in the Toiyabe National Forest, with headquarters at Austin, Nev.

He recalls traveling West from Chicago to Battle Mountain, Nev., on a Union Pacific train crowded with "sports enthusiasts, gamblers, wild women, and just plain passengers" all on their way to Reno, Nev., for the world heavyweight fight between John-son and Jeffries.

As a forester, he surveyed homestead claims and during the winter ran sheep and cattle boundaries. While on survey he was entertained at ranches where he learned to ride wild horses and rope cattle.

Early in 1912 the young forester resigned from his Government post to accept the position of physical director at the new YMCA in Ellensburg, Wash. The same year he transferred to Ellensburg High School as athletic director and instructor in manual arts.

The University of Washington made him a "nice offer" and in September 1914, he entered that school to take special work in history and mathematics and serve as wrestling coach.

Early in August of 1915 he sailed from Seattle for New York, via San Francisco and the Panama Canal, and arrived in Wilkes-Barre in time for the start of school in 1915 to join the faculty at Wilkes-Barre High School as a mathematics teacher.

#### ON MEXICAN BORDER

When Pancho Villa made the headlines in 1916, the classroom life proved too dull for Mr. Brown and he went to the Mexican border at El Paso, Tex., as a second lieutenant of artillery with the 28th Division.

In July 1917 he was promoted to first lieutenant and sent to Camp Hancock, Ga.

When the Army air service got rolling, that caught the eye of Brown and he transferred to that service in January 1918 and was sent to Fort Sill, Okla., Dallas, Tex., and Mount Clemens, Mich., for flight training.

He was sent to France in July 1918 and completed training at Tours, France. He was assigned as an instructor, but in October requested frontline duty and it was granted. He joined the 50th Air Squadron for the St. Mihiel and Argonne offensives and was in one of the first three planes over the frontlines for the big offensive on November 1 at 6 a.m.

After 11 successful target missions over the frontlines, Pilot Brown was summoned before Colonel Milling of the 1st Army and was awarded the Silver Star for gallantry in action. He left the front on December 3, 1918, and ordered to Bordeaux, France, for debarkation. He arrived at Camp Meade, Md., February 11, 1919, for discharge.

He returned to the University of Washington in Seattle and from 1919 to 1920 was wrestling coach and director of intramural sports.

#### SERVED IN ASSEMBLY

From 1920 to 1923 he was athletic director and instructor of biology at Wilkes-Barre High School, resigning in 1923 to open Brown's Nursery in Hanover Township, which he operated until 1929. From 1924 to 1930, Mr. Brown represented the second legislative district in the house of representatives in Harrisburg.

The field of education beckoned once again and from 1930 to 1934 he was a school textbook representative for Lyons & Carnahan and Longman, Green & Co., both of New York.

When the Civilian Conservation Corps was formed in 1934 he tossed textbooks aside to become a chief forester in the CCC. He was instrumental in the completion of the first type map of all Pennsylvania methods of accomplishment for timber surveys.

Returning to business in 1942, he joined the Carr Consolidated Biscuit Co. as production and material manager and held that position until his retirement in November 1955.

Mr. Brown and his wife, the former Mary Emanuel, of Hanover Township, whom he married in 1920, now keep busy visiting their 5 sons and 3 daughters and 12 grandchildren. For a man with so many varied and interesting positions during his life, Mr. Brown was asked: "What job did you like best?"

His answer was a new surprise: "The job I've been doing for 50 years—teaching Sunday school."

### Production and Reproduction

#### EXTENSION OF REMARKS

OF

### HON. KATHARINE ST. GEORGE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mrs. ST. GEORGE. Mr. Speaker, the following article appeared in the August 11 issue of U.S.A.

Although this is written in a light vein, there is far more commonsense and logic in these few paragraphs than we get from many people roving our modern world, who are always looking for a new and, usually, impossible solution for the day-to-day, human problems:

#### PRODUCTION AND REPRODUCTION

On July 21, James Reston commented in the New York Times, "Part of the reason why the President's foreign aid plan is in trouble right now is that the startling rise in popu-

lation in the underdeveloped countries tends to wipe out the gains made by the vast outlays of American aid. . . . Indian officials have told the United States that the effect of the \$3 billion received from the United States is largely being nullified by the increase in population."

Mr. Reston concluded, "Immense progress is being made in the field of production, but it is being wiped out by the velocity of reproduction and the problem is not likely to be solved by leaving it to the birds and the bees."

Certainly, the economic problem is not to be solved in India by an American gift of \$1 billion a year for 5 years, as President Kennedy suggests. But the question of why such aid should be continued despite its inefficacy is a subject which Mr. Reston and all other liberals always are willing to leave to the birds and the bees.

### Pollution of Interstate or Navigable Waters

#### EXTENSION OF REMARKS

OF

### HON. RALPH YARBOROUGH

OF TEXAS

IN THE SENATE OF THE UNITED STATES

Tuesday, August 15, 1961

Mr. YARBOROUGH. Mr. President, the need for controls to curb pollution of interstate or navigable waters was recognized in the Federal Water Pollution Control Act amendments of 1961, which President Kennedy signed into law on July 20, 1961.

I wish to call attention to the reaction to the pollution control law by the official publication of the Texas Water Conservation Association. I ask unanimous consent to have printed in the Appendix of the RECORD the editorial that appeared in volume 17, No. 10, of the publication Texas Water, in July.

The article is entitled "President Signs Federal Pollution Control Bill."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### PRESIDENT SIGNS FEDERAL POLLUTION CONTROL BILL

President Kennedy signed the Federal Water Pollution Control Act amendments of 1961 on July 20. Public Law 87-88, acts 87th Congress, 1st session.

The act boosts the present Federal anti-pollution grants to municipalities for sewage treatment or other antipollution projects from the present \$50 million annually to \$80 million for the fiscal year ending June 30, 1962; \$90 million for fiscal year ending June 30, 1963, and \$100 million for each succeeding fiscal year to June 30, 1966.

The measure takes the administration of Federal water pollution control away from the Surgeon General of the U.S. Public Health Service and gives it to the Secretary of Health, Education, and Welfare.

It also amends the 1958 act by striking out "interstate waters" and inserting in lieu thereof "interstate or navigable waters."

Sec. 8(a) of the 1961 Act provides that: "The pollution of interstate or navigable waters in or adjacent to any State or States (whether the matter causing or contributing to such pollution is discharged directly into such waters or reaches such waters after discharge into a tributary of such waters), which endangers the health or welfare of



any persons, shall be subject to abatement as provided in this Act."

Thus Federal jurisdiction in pollution control now extends to both interstate and intrastate streams. However, in recognition of the primary responsibility of the several States in this field, the act provides that the Secretary of Health, Education, and Welfare may undertake to abate pollution of interstate streams only on request "by the Governor of any State or a State water pollution control agency, or the governing body of any municipality."

In no field has the Federal Government tried to get the States to assume their responsibility more than in the field of water pollution abatement and control. In the 1956 Act, the Federal jurisdiction was limited to interstate streams. But, with few exceptions, the States have done little in the past 5 years in this field. President Eisenhower vetoed the 1960 bill on the grounds that water pollution control is a State and local responsibility.

Unless the States, including Texas, do more in the next 5 years than they have in the past 5, we predict that Congress will again amend the Federal law by striking the provisions requiring "request of the Governor or State water pollution control agency, or governing body of a municipality" before the Secretary of Health, Education, and Welfare may step in and abate pollution of intrastate streams.

The Federal Government has spent billions of dollars on water supply projects to meet the Nation's needs and Congress is not going to stand by and watch these supplies destroyed by pollution.

### Here Comes the Bull

#### EXTENSION OF REMARKS

OF

**HON. WILLIAM W. SCRANTON**

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, August 15, 1961*

Mr. SCRANTON. Mr. Speaker, the rural areas of America are just as interested in what is happening in Washington as are the cities. Further, they are most alert to whatever legislation is considered here.

An excellent weekly, the Abington Journal of Clarks Summit, Pa., has recently editorialized on fair trade legislation, and I hasten to bring the editorial to the attention of the House:

[From the Abington Journal, Aug. 10, 1961]

#### HERE COMES THE BULL

Better brace yourself for another assault on your pocketbook, folks, the "fair trade" monopoly seekers are riding again. Almost everyone has got used to the fact that the beautiful expression, "fair trade," means only price fixing and price gouge, so that latest word is that a new expression has been coined as a slogan for the fair traders to carry into legislative battle.

It is "fair competitive practices," which sounds very ethical and honorable and judicious indeed, but it is really the same old "fair-trade," baring its fangs at your pocketbook. At one time, these laws which make it illegal for a merchant to sell a national branded item to us for a price lower than that set by the manufacturer, were in force in 48 States, now they have been cast out of all but 27 and enforcement is weak in some of these.

It would seem that monopoly is on the run; still the advantage of securing a law that protects a manufacturer from the effects of competition is so great that the price fixers have had little trouble in raising a new bag of lucre for the use of lobbyists in pressuring our legislators. This time they aren't going to fool around with the States. They are starting their operations with the objective of making "fair competitive practices" effective in all of the States by making it a national law.

This law, if passed would rob the consumer, abridge retail freedom, reduce competition, and in the long run promote the sale in the United States of competitive products made in foreign lands with foreign labor. It would mean that, to buy certain articles, no matter where the buyer went in the United States he would have to pay the price which the merchant, would be satisfied to sell at smaller profit, but of the manufacturer, who would exercise a monopoly protected from all but his fellow manufacturer—and we have seen in the recent price-fixing cases brought by the Government against the electrical manufacturers just how much competition he would have to worry about.

Being poor is no fun but it would be even less fun if the Government passes laws to make us poorer.

### Hibernians Pray for President Kennedy

#### EXTENSION OF REMARKS

OF

**HON. THOMAS J. LANE**

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, August 15, 1961*

Mr. LANE. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following interesting editorial by Hon. James J. Comerford, editor of the National Hibernian Digest, which appeared in the issue for July-August 1961:

**HIBERNIANS PRAY FOR PRESIDENT KENNEDY**  
(By James J. Comerford, national editor)

It was most gratifying to learn that thousands of Hibernians offered special prayers on Sunday, June 30, 1961, for President John F. Kennedy. In these prayers, they asked God to give His divine guidance to our President and give His divine protection to our country—the United States of America.

This day of prayer for the President was designated by our national chaplain, His Excellency, Most Rev. Lawrence J. Shehan, bishop of Bridgeport, Conn. Our national chaplain acted wisely. He gave the necessary counsel and advice to the members of the Ancient Order of Hibernians in America. His chaplain's message, published in the May-June issue of the National Hibernian Digest, which notified members that July 30 was to be set aside as a day of prayer for the President carried these serious words: "In order to lead our country safely through its perils, it is necessary that our President should have almost superhuman wisdom. Certainly, he needs divine guidance and supernatural strength." This is a quotable quote worthy of the attention of all Americans.

President John F. Kennedy is a member of the AOH. He joined it in 1947. Massachusetts is the jurisdiction in which he is an enrolled member.

Members of the AOH in America in the past prayed for Presidents on many occa-

sions during times that stress and strain confronted them. To pray for those who are in lawful authority is part of their heritage. But this is the first time that a fraternal brother of theirs holds the office of President of the United States. His name is Kennedy. He is a Hibernian.

On the young shoulders of President Kennedy rests today the security of the United States against communism as well as the freedom of the rest of the world from communistic oppression. Let us remember him in our prayers every day. His daily task is greater than human endurance is expected to handle. As our national chaplain has so aptly said, "Certainly he needs divine guidance and supernatural strength" to lead our country safely through the perils of today.

### In Unions There Is Strength

#### EXTENSION OF REMARKS

OF

**HON. KARL E. MUNDT**

OF SOUTH DAKOTA

IN THE SENATE OF THE UNITED STATES

*Tuesday, August 15, 1961*

Mr. MUNDT. Mr. President, on August 8, in the Sherman Hotel, of Chicago, Maurice R. Franks delivered a memorable address to the Chicago Rotary Club No. 1. Mr. Franks is president of the National Labor-Management Foundation and a lifetime student of labor-management problems.

I ask that his address be printed in the Appendix of the RECORD since I believe his counsel is wise and I am gratified by his support of the legislation which a number of us have introduced (S. 2134) to guarantee labor union members the right to vote secretly on the question of whether or not to call a strike.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

**IN UNIONS THERE IS STRENGTH—TOO MUCH STRENGTH, IN FACT, WHICH MUST BE CURBED**

(An address by Maurice R. Franks, president of the National Labor-Management Foundation and editor of Partners magazine, delivered before Chicago Rotary Club No. 1, Sherman Hotel, Chicago, Ill., August 8, 1961)

I am grateful for this opportunity to come before my fellow Rotarians today to discuss a subject of vital national importance and, I believe, of deep and mutual concern.

I am especially grateful to our chairman for making clear in his introduction that I am a product of the labor movement. For indeed, ladies and gentlemen, I am just that. I spent better than a quarter of a century in the union labor movement. And what's more, I believe as much today as I always have believed, in unionism as a highly valuable economic institution. I believe that unions, where needed and when properly operated, have much to offer our progressive economic society.

Furthermore, speaking frankly, as my name suggests that I do, I am convinced that if it hadn't been for the stupidity, the avariciousness and the plain shortsightedness of the businessman himself, particularly the businessman of yesterday who didn't give a damn about his workers' welfare, who cared not in the least whether his workers ate or slept, who provided



abominable working conditions all around—that if it hadn't been for him, there would have been no need for workers to band themselves together in order to obtain economic justice. But those are the facts of labor history—and those would be the facts of tomorrow's development if we had no unions today.

#### UNIONS, GOOD OR BAD

So there is no longer a question in my mind—or in yours either, for that matter, of unions to be or not to be. The question today is, what kind of unions are we going to have? Good unions or bad unions?

Now, I acquired my personal philosophy of unionism from the true fathers of the American labor movement—from such men as Samuel Gompers, Daniel Willard, and Warren Stone—from men who did not believe in and did not practice the kind of unionism we see about us today. These men taught me that labor and management are not natural-born enemies, that they are indeed fellow human beings, who are natural-born friends and allies—partners, if you please—partners in a common cause—partners in production—partners in producing the most of the best for the least, for mutual benefit. The unions should be with us to emphasize this relationship and to help realize its social and economic advantages. Good unions do so.

But it is impossible to have good unions with bad leaders. And today, ladies and gentlemen, we have some pretty bad leaders—some of the worst type our minds can imagine. We have among us a hierarchy of union leaders whose sense of social and economic responsibility is seriously lacking, and whose tremendous power and exercise of power accomplish far more evil than good. Such is the extent of the evil power they wield that, if allowed to go unchecked, it will not only wreck the labor movement which the world has grown to respect, but it will wreck our Nation to boot.

#### THE DANGEROUS POWER OF LABOR LEADERS

When you stop to consider the power of some of our greatest labor leaders today, the effect is frightening—as menacing as any hostile power abroad in the world. When a man like David McDonald, who heads the United Steel Workers Union, snaps his fingers, down goes the steel industry and the vital production thereof—down goes the employment of almost every steelworker—down goes the American economy—down goes the very safety of the Nation itself.

When a man like Walter Reuther winks his eye, down goes an auto industry and the employment of millions of workers, directly and indirectly affected. When Jim Carey pulls the switch, down goes a vast segment of the electrical industry—to which our entire economy is tied and upon which much of our Nation's overall defense development is dependent. When Joseph Curran calls the shot, shipping on our east coast comes to a halt. And when Harry Bridges waves his flag, all west-coast shipping stagnates.

Ladies and gentlemen, this sort of thing exceeds all reasonable authority. But, even so, it does not match the authority acquired by the gentleman whose name I've saved for you. I refer to James Riddle Hoffa.

That middle name of his certainly is appropriate. For, as a labor leader, this Hoffa is indeed a riddle to all of us who believe in good unionism. If that man ever cracks his whip, down will go everything.

In unions there is strength—and should be. But it is men like Hoffa, and the other union leaders I have mentioned, whose conduct supports the second part of my thesis—too much strength—excess strength that must be curbed, if we as a Nation are to survive and not be made ready for the burial job Nikita Khrushchev promised us.

For unless the powers of such labor leaders are curbed, our free society will one day be struck dead and belong only to a bygone era.

#### S. 2134

Now, fellow Rotarians, this brings me to the precise reason for my coming here to talk to you today—to explain to you how this alarming excess of power wielded by the big bosses of the labor movement can be checked—and without sacrificing any of the principles of good unionism.

It was my privilege early this year to work closely with Senator KARL E. MUNDT, of South Dakota, in the drafting of proposed legislation which, if enacted, would markedly cut down the personal powers of the individual union autocrat and refer vital economic decisions to the ones who alone have a right to make them—the members of a negotiating union themselves. This legislation, drawn up in the form of Senate bill 2134, would render it impossible for any strike to be called at the snap of any union leader's fingers, or at the crack of any union leader's whip.

This bill—and let me repeat its listing, so that the number will sink into your minds—S. 2134—was introduced in the Senate by Senator MUNDT on June 22 with the co-sponsorship of Democratic Senators JOHN L. MCLELLAN, of Arkansas, STROM THURMOND, of South Carolina, and JAMES O. EASTLAND, of Mississippi, and Republican Senators WALLACE F. BENNETT, of Utah, ANDREW F. SCHOEPP, of Kansas, and FRANCIS CASE, of South Dakota. And incidentally, it has the complete backing of Senator BARRY GOLDWATER. It is thus a bipartisan bill. And here is its preamble:

"S. 2134 is a bill to strengthen democratic processes within labor organizations respecting the calling of strikes, to protect union members against unjustifiable pay losses from strikes, to protect employers from needless production interruptions arising out of strikes contrary to the wishes of union members, to minimize industrial strife interfering with the flow of commerce, and to promote the growth of the Nation's economy through reducing economic waste by providing for an impartial secret strike vote."

Such is the purpose of this proposed legislation—this Senate bill S. 2134. It is to curb the autocratic power of a union's leadership to singlehandedly shut down an industrial operation, large or small. It is to make a union leader and his negotiating committee the servants of a union membership, as they are intended to be, and not their finger-snapping masters, as our American free society never intended they should be. It is to support the highest offices of collective bargaining, the institution our early labor movement made every human sacrifice to achieve for the worker, and to sweep from the scene the disreputable spectacle of collective bludgeoning—bargaining, not in good faith, but with the cudgel of a phony strike threat lying handy on the union side of the table.

Senate bill 2134 would make good-faith bargaining bilateral and of obligation to both sides. It would enable the union to shape its final demands, and the employer to make his final offer, before any strike vote could be taken. And only when such a deadlock, if one occurs, has been reached, will the situation be referred to the employees to be affected for their decision by protected secret ballot.

To clarify these proposals further, let me read to you Senator MUNDT's own presentation, in the course of the speech he delivered on the floor of the Senate on June 22, the day he introduced S. 2134:

"Briefly our bill would operate in the following manner. Under existing law, the duty to bargain collectively

requires that any party desiring to modify or terminate an existing contract must serve written notice on the other party to the contract of the proposed modification or termination 60 days prior to the expiration date of the existing agreement. Our bill provides that no strike ballot shall be taken during this 60-day period, but, that if a labor organization desires to obtain authorization for a strike, a strike ballot shall be taken on the 60th day or as soon thereafter as is practicable. This procedure will allow approximately 60 days of honest collective bargaining negotiations in an atmosphere entirely free of strike threats, since there will be no authorization on which to base the threat. Also, it is fairly certain that by the 60th day, the issues between the parties will be pretty clearly drawn, which means the employee will be able to make his decision on the basis of well defined contentions and specific counter-proposals."

Further quoting Senator MUNDT's remarks, "Any strike ballot taken on or after the 60th day will be supervised by a three-member election committee. One member will be selected by the union, one member will be selected by the employer, and a third member will be selected by the union and employer members. If they cannot agree on such third member, he will be selected by the Director of the Federal Mediation and Conciliation Service. The bill requires the voting to be by secret ballot, and the committee is directed to count and process the ballots in such way that the identity of the voter will be unknown to the election committee and to all other persons."

"Where appropriate, the strike ballot will be stated in terms which will reflect a choice, by the employee, between a strike and an acceptance of the employer's final offer in settlement as stated by him."

Still quoting Senator MUNDT, "If in the balloting a majority of the affected employees vote in favor of a strike, then the union representative has full legal authority to call a strike. He is, however, under no legal obligation to call a strike immediately; and if he desires to negotiate further, the authorization granted by the balloting has a 60-day life."

"If a majority of the affected employees vote to accept the employer's final offer in settlement, the employer is then legally obliged by the requirements of good faith bargaining to sign a contract incorporating the terms and conditions as stated by him in his final offer."

#### CONCLUSION

Now, fellow Rotarians, you will recall that I said in my opening remarks that I was extremely grateful for this opportunity to discuss this problem with you. Well, that was no casual statement. I meant what I said. And for a very good reason.

I believe that the Rotarians of this great city of Chicago—and, in fact, the Rotarians of the Nation as a whole—are in an ideal position to help promote the passage of the bill I have discussed from this platform. Most of Rotary's members are employers, well geared to lend responsible influence to their employees. If the Rotarians here today were to go forth from this meeting and as soon as possible explain the proposals contained in Senate bill 2134 to the people on their payrolls—as some businessmen throughout the Nation have already done and are doing—I believe that we would stand a very good chance of getting this bill enacted into law.

Many businessmen I have come in contact with—and, I may say, quite a few of them are fellow Rotarians—are victims of the little bug whose bite fills them with timidity. They will wholeheartedly approve a worthwhile project but only behind closed



doors. In public they are hesitant to mention it, to give it the boost that it needs. Then there are others who will not take time out to study important issues such as S. 2134 and they are what may be termed "rather naive."

But the time has come, please believe me, when the businessman—whether he be a Rotarian or not—must shake off his chronic timidity—which, if I may say so, is used here mostly as a polite term for lethargy. The time has come when every businessman owes it to himself and to our free society to stand up and be counted, to stand up in front of his employees and tell them what, in his opinion, they can do in their own behalf.

Now your employees may not be able to stand up and be counted, if their particular position is such as to make them too conspicuous. But I'll tell you one thing you can help them do, in this instance. You can encourage them to sit down and be counted. You can encourage them to sit down and write their Congressman and Senators, telling their Representatives in the Nation's Capital that this is the kind of legislation they need and want. Because, unless a groundswell of popular opinion—and especially of worker opinion—is generated and made to reach all of our Federal lawmakers, the bill we have been discussing just doesn't have much of a chance of passage.

I thank you.

### Foreign Aid Club

#### EXTENSION OF REMARKS OF

**HON. GEORGE M. WALLHAUSER**

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. WALLHAUSER. Mr. Speaker, the editorial that appeared in the New-ark (N.J.) Star Ledger on August 14, 1961, is directed to an important part of the mutual security program and I sincerely hope that the administration will never forget its obligation and intention to supervise strictly the distribution of foreign aid funds.

Every dollar spent should return its full value:

#### FOREIGN AID CLUB

The Kennedy administration has promised to tighten up on the administration of foreign aid, if it wins approval for the financing program by which long-term borrowing would bypass Congress.

The foreign aid administration made the pledge in a letter to 30 Congressmen as part of an effort to persuade a reluctant Congress to agree to give the administration the added authority.

This is a strange "club" to use over the heads of Congressmen, many of whom have been quite vocal in complaints of waste in the administration of foreign aid. The letter could be viewed as an admission by the foreign aid officials of at least some measure of sloppiness in the handling of the billions of dollars in aid.

With this admission in hand, Congressmen certainly would be derelict in their responsibilities if they failed to insist on a tightening up in foreign aid procedures—regardless of the fate of the long-range borrowing plan in the current foreign aid bill.

Eliminating waste and inefficiency should not hinge on a congressional surrender on a program about which it has reservations. The long-range borrowing proposal should be considered on its own merits, and be ac-

cepted or rejected according to its assessment by the majority in Congress.

Making the efficiency effort dependent on approval of long-range financing is tantamount to blackmail. The pledge of efficiency should stand independent of this aspect of foreign aid.

Whether or not the long-range feature finally is approved, billions of dollars will continue to be spent on foreign assistance. It should be handled in as businesslike and efficient a manner as possible.

### Servants of World Trade and Travel

#### EXTENSION OF REMARKS OF

**HON. J. ARTHUR YOUNGER**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. YOUNGER. Mr. Speaker, recently the new British tour ship *SS Canberra* paid a visit to San Francisco on her maiden voyage where a civic luncheon was given welcoming the ship and the tour.

Sir Donald Anderson gave the address for the occasion which not only contains a lot of history, but some pertinent observations on our maritime problems; and I am pleased to insert it in the RECORD:

#### SERVANTS OF WORLD TRADE AND TRAVEL

(An address by Sir Donald Anderson, chairman of the board, P. & O.-Orient Lines, London, before a civic luncheon welcoming to San Francisco the *SS Canberra*, sponsored by British-American Chamber of Commerce and Trade Center, San Francisco Chamber of Commerce, San Francisco Area World Trade Association, Marine Exchange of the Bay Region, World Trade Center Authority, San Francisco Port Authority, and San Francisco Commercial Club, Friday, July 21, 1961, San Francisco Commercial Club.)

The first time I saw San Francisco as one should see it—from the Pacific—was when I was here in 1958 in *Himalaya*, the first of the P. & O. ships in our P. & O.-Orient Pacific service. San Francisco has many claims to fame, but as a shipping man I regard it first and foremost as one of the great Pacific gateways, one of the great ports lying on the Pacific periphery, giving character to the Pacific and taking character from it.

In 1958, P. & O.-Orient was only just beginning to be known here. There were those who saw that we had pegged a claim, but who wondered whether we were going to stay to work it. I had the honor of being entertained at a luncheon such as this, and made it plain then that we were going to work our claim, and that we intended to back our efforts with our full resources. I think I can assume that now, 3 years later, there is no need to reiterate this.

Six months ago you gave a wonderful welcome to *Oriana* and to my brother Colin who was on board. Now you are giving the same welcome to *Canberra*, and these two ships are proof that, in addition to the other seven postwar units of the P. & O.-Orient Lines fleet on this side of the Pacific, we have ventured, on our own initiative and responsibility, \$85 million of our company's funds in two outstanding ships, specially designed to expand ocean travel within the Pacific, to the Pacific, and from the Pacific, in the sixties and the years beyond. So I have the warm feeling that we are now accepted as part of your great community here.

Our ships, our offices, our staff are all at your service, and our object will always be to see to it that of all the ships that serve this port, none sail with a higher reputation than ours.

Being British, I am naturally interested to know what part British firms played in the development of San Francisco, and I have a little scrap of history on this subject which may be new to you.

Years ago I was staying with W.J.K., now head of the firm of Jardine Matheson, the greatest of the old China firms. Before the war, Jardine's employed over 100,000 Chinese alone. They were known to the Chinese as the Princely House. They have more commercial history in China and Japan behind them than any other firm in existence. W.J.K. had an English friend who turned up in Shanghai before the war with the intention of studying Buddhism. He was fitted out with a donkey and a guide, and set off for a Buddhist monastery. Before he got there he was set upon by bandits, and returned to his friend K. in Shanghai with no donkey, no guide, no money, and no further ambition to study Buddhism.

But he was a historian, and since K. had always wanted somebody to work up the records of Jardine Matheson's for a history of the firm, his friend was let loose on their old papers. One day he came in a state of great excitement to report that he had found a map of part of the waterfront of San Francisco, showing the firm's property marked on it, and asked whether the partners realized that they owned much of San Francisco. They didn't. He had found also a plan for the town hall, based on the designs of the assembly rooms in Dumfries in Scotland, where the firm originated. That plan of the then waterfront is still in the office records in London, and indeed I have a copy of it here. A few weeks later, much disappointed, he reported further that he had found papers showing that Jardine's had sold the property in I think 1856. Jardine's at that time had needed a Pacific base for their sailing ships, which carried on such an extensive trade with China in those days, and so they had to make one. They showed some foresight in picking on San Francisco. They showed less, perhaps, in letting it go.

In just the same sort of way, P. & O.—the company I serve—was behaving at the same time. From its first incorporation, in 1837, it never owned a sailing ship. P. & O. was the first shipping company to open up regular steam communication between England and Egypt. Before this, the mails, which then were the most important consideration, were carried by the Admiralty in sailing ships, which were slow and uncertain. P. & O. managed to get the contract from the post office, away from the Admiralty, by charging far less and guaranteeing such quicker delivery by its steamers.

This was in 1840. Supported by mail contracts, all secured by tender, a service was opened to India by 1842, to Malaya by 1845, to Hong Kong and Shanghai by 1848, to Australia by 1852, and to Japan by 1864, which as you will recognize was very early in the history of modern Japan. This, of course, was all before the Suez Canal was opened in 1869.

The P. & O. Co. developed its own transport system between Alexandria at the mouth of the Nile, and Suez at the head of the Red Sea. It built paddle steamers for service up the river, and camel trains and resthouses for passengers across the desert. The company operated two separate fleets—one between England and Alexandria, the other based on India between Suez and eastern ports. All the coal they needed had to be shipped out via the Cape of Good Hope in sailing ships, and stocked to maintain their own supplies at ports en route. There were no lights or aids to navigation in the Red Sea, and so they provided their own.



There were no docks or repair yards at any of the ports. There was no provision for fresh water or food, or fresh vegetables at ports en route, and so they started their own farms, made their own water, built their own dockyards, and recruited their own crews.

Today we still employ Indian and Pakistan seamen on deck and in the engine room, often from those same villages where they were first recruited over 100 years ago, and many a man in the company's service can look back to a father and a grandfather before him. Only the other day, Her Majesty the Queen honored the engine room serang, or headman, in *Canberra* with the British Empire Medal, given to him for 40 years meritorious service at sea, and the whole of this has been spent with P. & O.

So P. & O. has a Pacific background too, but primarily in the Australian and Oriental sections of the Pacific. We do not nowadays have to buy the waterfront in San Francisco to achieve our base. These facilities are provided by good friends here, and many of the physical risks and difficulties our forebears had to take a hundred years ago have now disappeared. Perhaps the chief differences between sea transport at that time and today are three—first, the navigational and practical hazards involved were then far greater; by our standards, aids to navigation were primitive in the extreme, whilst communications were nonexistent. The man on the spot had to get on with it and provide himself with what was needed. And the history of the company shows how effectively he did so. Secondly, the rewards of success were correspondingly higher. If the venture succeeded, the payoff was relatively much richer than it is today, when international transport is an ill-rewarded business. Shipping, which requires great capital investment, shows a much lower return on capital than the average of other types of enterprise, while always tell the same story. Transportation, in competition with the world, is not a gold mine. I am, of course, thinking of those companies which operate in the international sphere, and not of those which operate nationally under different conditions.

The third great difference between conditions today and yesterday is that the field of operation open to us then was virtually unlimited. Up to 1852 the navigation acts had given very considerable protection to British shipping, and great was the distress and opposition of British shipowners to the repeal of these acts in that year. They were at that time inefficient and in a bad way. The American sailing ships were better designed, better built, better manned, and better handled. So the British shipowners held protest meetings, and felt certain that they would be ruined, and they were obviously right. From then onwards, British shipping has had no protection whatever from the competition of the world, and from that very moment British shipping began to flourish as never before, until in 1914 it represented the astonishing figure of some 40 percent of the world's shipping. Along with the shipping of other maritime countries, British shipping could and did serve the trades of every country in the world, in free competition. That picture has been much changed.

Today, more and more of the world's carrying trade is being reserved by one government or another to ships of its own flag, because they cannot secure the cargo they need unless it is reserved to them. In other words, the merchant is not allowed to ship as he chooses. I am not talking now about subsidies. Subsidies we may dislike, but at least they do not actually remove any proportion of a country's trade from open competition. They merely make it easier for certain ships to compete. But when a country so arranges matters that

its trade, or part of it, is reserved for its own flag ships, that is the beginning of madness in overseas transport.

Ocean transport is the cheapest form of transport per ton mile that has ever been developed, but its cheapness must depend on the two-way use of the ships involved, and over the years this has been achieved with remarkable simplicity and efficiency. It only needs two countries which have a common trade each to decide that its own exports or imports must be carried in its own ships to insure that all the ships in that trade are empty in one direction, and that transport costs are doubled. And the end of this road is therefore a position in which all the world's shipping is empty at least half its life, and transport costs are just double what they should be. I do not pretend to be unblinded in considering this matter. It is in our interest that we should be enabled to compete over as wide a sphere as possible. We ask nobody to guarantee us a living, but only that traders should be allowed to use our services if they suit them better than any others.

The justification for this view is not that we should prosper, for there is no reason why anyone but ourselves should be interested in that. The justification is that transport costs are an important component in the economics of every country, and indeed every man, in the world, and that it must be wrong to load these costs, against the interests of those who have to pay them, by failing to take advantage of the most economical way of providing ocean transport. Ships alone can remove a surplus harvest from one country, and put it cheaply into another. Ships alone can feed millions and provide raw materials for industry. Over the last century, an extremely sensitive, flexible and economical apparatus has been developed, and the benefits of this are being thrown away for the benefit of the few, but to the detriment of the many.

Looking to the future, therefore, this is the great problem for the shipping industry of any country which regards itself as a common carrier to world trade. How can we prevent what were once open spaces from being fenced in against us?

The P. & O. group is sometimes thought to be interested only in passenger ships. Of course, these are the more conspicuous, and they get the greater publicity, but the major part of our investment in shipping, and our revenue from it, comes from freighters and tankers, owned by some 14 companies, separate shipping companies, which together compose the group. So far as the United States is concerned, our interest in cargo is small, and so when I touch on one problem that now faces us in the United States, I speak not in the injured tones of one who is likely to be directly affected to any important extent, but rather as one who realizes the indirect effect on shipping all over the world of every action taken by the most powerful commercial nation in the world, and of this action in particular. This problem—its short title being the dual rate system in cargo liner trades—is one that has been blowing up over several years. It moves from court to court, from committee to committee, but so far it is moving to no solution that seems to us acceptable, for the solutions put forward threaten the whole structure of cargo liner services. The threat is not to P. & O., nor to British shipping, nor to non-American shipping. It is, in our view, a threat to all shipping carrying on cargo liner trades. The difficulty springs from the antitrust ideology. Hitherto, by suitable legislation, the shipping conferences, which combine to agree on freight rates, but which compete in every other direction, have been exempted from the normal provisions of antitrust law, because conferences and a dual rate system have been found not only necessary for traders and shipping companies

alike, but in themselves not harmful. It is now being urged in the United States that if shipping conferences and the dual rate system are to continue, they must be put under close Government supervision. Since conferences are international, with the United States at one point in each service, but with one or more, often several, other countries at other points in the service, the United States is asserting the right of one country to approve and veto the terms and conditions under which shipping companies under all flags give service to various countries.

No one disputes the right of a sovereign state to do this in respect of its own domestic trades, even though we in the United Kingdom, and many others elsewhere, have never found it necessary. But no other free country in the world has yet attempted unilaterally to regulate the services of foreign shipping companies engaged in international trade. Consider what it means. The United States seeks to assert the right to approve or disapprove of rates and conditions of sea carriage in a liner service between itself and, say, the United Kingdom, Holland, and Germany. No one can deny a similar right to the United Kingdom, Holland, and Germany, who are equally interested, since trade is moving in both directions between all four countries, but the United Kingdom, Holland, and Germany may each have a different idea of the correct rate of freight on drainpipes, and each may differ from each other and from the United States. What then? The shipping companies serving all four are going to act illegally in one country or the other, and the only way in which their Presidents may avoid the risk of being sent to jail, if they are careless enough to visit the United States, is either to refuse to carry drainpipes, in which case they will equally render themselves liable in the United States for refusing the obligations of a common carrier, or to discontinue their service. And this, of course, will be as true for an American shipping company as for a foreign shipping company.

What then would have been achieved? On the one hand a doctrinaire adherence to an antitrust ideology. On the other hand, the destruction of a system of ocean transport which has been developed over a century, and which alone can give the shipper in international trades the continuity, the security, and the flexibility which he needs. You may think that I am exaggerating when I propound this result, and I hope very much that I am, but no one can deny that this is the way that things have been moving so far, and that if the United States of America—today's leader in world trade—should adopt this new technique, she will be followed by others, and a series of head-on collisions will take place. I can only hope that the submissions which have been made by the shipping industry before the appropriate committees on this subject, will not pass disregarded.

In the North American Continent, as I have said, P. & O.-Orient Lines are known for their passenger ships, and when we mounted our trans-Pacific service the first thing we had to do was to decide whether to assume a protective coloring or not. Should we cater for American passengers most effectively by pretending to be American, or by being unashamedly British? We could, after all, try to make Americans feel that they had not really left the States behind them when they boarded our ships. Alternatively, we could make it obvious that they had. The conclusion which we came to was, in short, first of all that a carbon copy never beats the original and, secondly, that being British comes quite naturally to us. So we decided to be British. We do not use tea bags. If someone asks for a cracker, he will probably be given an indoor firework, and early morning tea is almost forced upon passengers. But we decided at the same time that we must



not be insular, particularly since we are so far away from our particular island, and we therefore paid especial attention to having our coffee weak enough, our beef tender enough, our salads varied enough, our water iced enough, and our plumbing plentiful enough. Behind this screen of light tanks we arranged our heavy guns. We put into service the best ships we had, all custom built and of postwar design, followed them with *Oriana* and *Canberra*, and we concentrated on giving the best service we could. So we are not copying. We are trying to lead, and this leads us into decisions which may seem strange.

Why, we are asked, when you have seven postwar passenger ships do you build two more and put another \$85 million at stake? What about the jets? What about the difficulties of unsubsidized passenger ships in the Atlantic? How can you do this without help from your Government? And anyway—why do you do it? Well, we never like to deny too firmly the possibility that we may be crazy, because one never knows. But we work it out this way. On short runs the passenger ship is unlikely to stand up to the jets. On the long routes which we cover, we can offer something which no aircraft can offer, however fast it flies, however large it grows, however French the champagne it serves. We can enable people to live like a lord without going to the trouble of being one.

A rapidly increasing number of Americans are finding that the world is round, and that they can get to Europe by going west as a change from going east. The Orient has an infinity of interest to offer en route, and not everyone has yet seen it. Moreover, the cure for many of the world's thrombosis is now at everyone's disposal. The cure was not discovered by the Stanford University Research Department. Like so many fabulous medical discoveries, it was made years ago by, let us say, the Indians and the Matto grosso of Brazil. It was made by whoever discovered the dug-out canoe. We have somewhat improved the formula. We have elaborated the canoe, but the idea is the same. Maybe they were seeking more women. You, on the other hand, may be seeking fewer worries. They were seeking more territory to conquer. You are seeking a smaller premium on your life insurance policy. But the answer is the same. Travel by water and, statistically, you will live almost forever.

P. & O.-Orient Lines have no patent rights in this cure. A.P.L. and Matson have both for years put an excellent brand on the market, and as their juniors in this trade we respect and admire their pioneering and promotion in the Pacific, of which we are now doing our share.

Gentlemen, you in this city have greatly supported us by your encouragement in the past. You have welcomed our new venture with great generosity. My remarks may have been diffuse, but their intention was to show that we truly are what we regard ourselves as being—servants of world trade and travel—and always at your command.

### Family Life

#### EXTENSION OF REMARKS OF

**HON. ADAM C. POWELL**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. POWELL. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following excerpt from

resolutions adopted by the American Baptist Convention:

EXCERPT FROM RESOLUTIONS ADOPTED BY THE AMERICAN BAPTIST CONVENTION, PORTLAND, OREG., JUNE 17, 1961, DIVISION OF CHRISTIAN SOCIAL CONCERN, AMERICAN BAPTIST CONVENTION, 152 MADISON AVE., NEW YORK, N.Y.

#### FAMILY LIFE

We reaffirm our concern for the unity, nurture, and Christian growth of American Baptist families; and

(a) We call upon pastor, parents, and other Christian workers to give renewed attention to the Christian nurture of youth through meaningful experiences of study, worship, and fellowship.

(b) We urge American Baptists to encourage their Representatives in Congress and their Senators to consider carefully the problems of the cost of medical and hospital care for the aged, and to seek appropriate legislation to make it possible for them to meet such costs.

(c) We urge American Baptists to support legislation removing statutory barriers to the dissemination of birth-control information to married persons by physicians, hospitals, governmental agencies, and other responsible community and family service agencies.

#### Address of Senator Kefauver Before 4-H Club Conference, Washington, D.C.

#### EXTENSION OF REMARKS

OF

**HON. JOHN A. CARROLL**

OF COLORADO

IN THE SENATE OF THE UNITED STATES

Tuesday, August 15, 1961

Mr. CARROLL. Mr. President, our distinguished colleague, the senior Senator from Tennessee [Mr. KEFAUVER], delivered a talk last week to a 4-H Club conference here which gave a clear and balanced summing up of the processes by which the Congress considers, amends, and adopts bills which become national law.

He also touched on the problems of resource development as exemplified by the Tennessee Valley Authority, and on the role of young people in shaping legislation of the future. His message is so clear and sensible that it might well be recommended reading for many mature citizens as well as young people.

I ask unanimous consent that excerpts from Senator KEFAUVER's remarks be printed in the Appendix of the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

EXCERPTS FROM REMARKS OF SENATOR ESTES KEFAUVER, OF TENNESSEE AT 14TH REGIONAL 4-H CLUB CONFERENCE, JEFFERSON AUDITORIUM, DEPARTMENT OF AGRICULTURE, WASHINGTON, FRIDAY, AUGUST 11, 1961

I am always pleased to talk to young people. And I am especially pleased when those young people are recognized leaders, as all of you are.

As I have told many groups like this, I am less concerned about the past or the present than I am about the future of our Nation and other free nations.

No one, of course, can predict the future with absolute accuracy. But we can make some "educated" guesses. From the qualities of leadership which I see here today, I

would say that freedom's future will be in good hands.

You come from the same part of the country that I do. This is a region that I dearly love and to whose progress I have always tried to contribute.

Progress has not been easy for the South. But little by little, the human and social antagonisms that separate man from man and retard progress are slipping away, and a great new South is emerging.

This would have been impossible without such landmarks in Federal legislation as the TVA Act, which became law a few years before any of you, I am sure, were born.

Like most laws, the TVA Act began with an idea—an idea shared by great Americans like the late Senator George W. Norris, of Nebraska, a Republican, and by the late President Franklin D. Roosevelt, a Democrat.

Their idea was simply this: For years, the Tennessee River had been an untamed enemy of the South. Harness it, they said, and floods can be controlled, ships can carry goods from the Appalachians to the Midwest or the gulf, and electric power can be generated to turn the wheels of farm and industry and light millions of homes.

Never before had such a concept of resource development been proposed for a whole region. As is the case with many bold new ideas, this one created great controversy—in Washington and across the land.

But that is the beauty of our American system: An idea is proposed; it is freely discussed and argued; then, by one democratic process or another, it is rejected or approved.

This is how it is with every piece of legislation which comes before Congress. In the final analysis, its fate is dependent upon whether your elected Senators and Representatives, and the President, think it is good for the country.

As I have said, a bill presented to Congress starts with an idea. It may be an idea originating with a Member of Congress or one of its committees, with the President or one of his departments, or with some non-Government group.

Of course, the idea must be constitutional or at least thought to be. You could not, for example, make a law stick which would abolish the Supreme Court, although the number of its members can be changed by legislation.

Once a bill has been drafted, it may be introduced in the House or the Senate, or both, with this exception: all revenue bills must originate in the House of Representatives. This is required by the Constitution.

First, the bill is read by title and given a number, preceded by "S." for a Senate bill and "H.R." for a bill introduced in the House of Representatives. Then, it is printed and referred to the appropriate committee—by the Vice President in the case of a Senate bill and by the Speaker if it's a House bill.

A Senate bill seeking to amend the Sherman Act relating to monopolies, for example, would be referred to the Senate Judiciary Committee and then to the Subcommittee on Antitrust and Monopoly, of which I am chairman.

Incidentally, I hope all of you know what the Sherman Act is. Some witnesses who testified before our subcommittee recently in hearings on the electrical industry—and they were college graduates—told us they had been unaware of this law until long after they had graduated.

Now the idea for a bill of the nature I have described probably would have originated in a series of investigative hearings conducted by our subcommittee.

This was true of identical bills introduced by me in the Senate and by Congressman EMANUEL Celler, of New York, in the House to restore competition to the drug industry.

Our Senate subcommittee began holding hearings on the drug industry nearly 2 years ago and on the basis of what we found,



Congressman CELLER and I introduced corrective legislation just this year.

Now our Senate subcommittee is holding hearings on the bill itself. We have had testimony from several eminent doctors—some who are for the bill, some who are against it, some who have suggested changes.

Eventually, we will hear from another side—representatives of the drug industry itself. We will also want to get the views of the agencies in Government who would have the job of administering and enforcing the law.

After that, the bill with any proposed amendments will be considered by our subcommittee and sent back to the full Judiciary Committee with our recommendations. If it is approved by Judiciary, it will be placed on the Senate calendar or pushed ahead by the Senate Rules Committee.

Now the bill, with any committee or subcommittee amendments, is read in full in the Senate. There it is discussed and perhaps changed, or the Senate may send it back to the committee for changes. Or, the Senate may then and there reject it.

On the other hand, the Senate may approve it. In that event, the bill comes up for third and final reading and if it is approved, it is signed by the Vice President as presiding officer of the Senate.

Next, the bill goes to the House, if it has not already been acted upon there, and follows much the same route: It is considered by committee and changed, approved or rejected, either by the committee or by the House.

Sometimes a bill gets bottled up in a committee. In that case, it can be forced out to the floor of the Senate or the House by the action of the full membership.

Sometimes, too, the version of a bill finally approved by one House is not the same as that finally approved by the other. When that happens, a conference committee appointed from both Houses gets together and tries to agree on a single version. The Senate and the House then must agree on this single version.

The bill now goes to the President. He has several choices. He may sign it into law within 10 days. But if he merely holds it for 10 days while Congress is in session, it becomes law without his signature.

If the bill reaches him less than 10 days before Congress adjourns and he neither signs nor vetoes it, the effect is a veto. This is known as a "pocket veto."

However, if the President vetoes the bill at any other time while Congress is in session, the bill goes back to Capitol Hill with a message giving his reasons for rejecting it. If two-thirds of the Members of each House vote to override the veto, the bill becomes law. Otherwise, the veto stands.

To young people, this all may seem to be a slow process. In many ways congressional processes could be streamlined; I don't think any Senator or Representative would claim that the system cannot be improved.

But there is this advantage: There is less likelihood of snap judgments when Congress takes as long as it does to study a bill, to hear all sides, to weigh all the arguments, and then vote.

Perhaps as you grow older and more experienced, you will discover ways in which we can improve not only our procedures for making laws but the many other mechanics of government as well.

Wisdom is not the only monopoly of those with gray hair. Throughout history, it is the youth of the world who have carried the banners of ideas and progress, who have brought civilization a more intelligent view of its destiny.

The task which lies before us who are not so young is a formidable one. The task which lies before you—tomorrow's leaders—may be even more formidable.

But a formidable task is almost always an exciting one. And I am confident that whatever problems may become yours to solve in the years ahead will be tackled with the kind of enthusiasm, intelligence, and vision that has always characterized America's great leaders.

Thank you.

### Was President Duped on TVA Rate Boast?

#### EXTENSION OF REMARKS

OF

**HON. CHARLES RAPER JONAS**

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 27, 1961

Mr. JONAS. Mr. Speaker, with great fanfare and Madison Avenue technique, the announcement was recently made at the White House that TVA was lowering its rates. A New York City public relations firm was employed to whip up excitement over this news and canned releases and pictures appeared all over the country, to the glorification of public power generally and TVA in particular. But *Electrical World* for July 24, 1961, completely demolished this story by reciting the facts and showing up the performance as a misleading publicity stunt. Under leave to extend my remarks in the Appendix, I include the article from *Electrical World*:

#### WAS PRESIDENT DUPED ON TVA RATE BOAST?

WASHINGTON, D.C.—The news services and newspapers around the country carried stories datelined July 11 from Washington indicating that Federal power had scored another triumph, bringing lower electric rates to those consumers in the TVA area. Even the *New York Times* put the story on the front page and devoted a full column to it. The implication was clear that TVA was lowering its rates.

The story had originated at the White House with President Kennedy standing by and nodding approval as members of the TVA board disclosed rate decreases in their area. An official release, prepared for the occasion by Doremus & Co., public relations counselors in New York, was made available for the hapless reporters who couldn't make the White House ceremony.

The Doremus & Co. release opened, "The board of directors of the Tennessee Valley Authority announced today the availability of a new and lower electric power rate for residential, farm, and commercial users."

White House reporters went off to file the stories clearly indicating that TVA was cutting its rates.

Those few who wanted to dig deeper for the facts would have been amazed to find that:

TVA did not reduce its rates in any manner whatsoever. Its own rates to every one of its customers remain the very same as they were before the widely heralded White House announcement.

TVA's only action was to permit two of its utility customers to charge less for the electricity they sell to ultimate residential and commercial customers. These two utilities serve a mere 4.3 percent of the residential consumers and 5.4 percent of the commercial consumers in the Tennessee Valley area.

The rate change reflects no glory on TVA or on federally produced power. Any credit must go to the two relatively small utilities that did cut their rates with TVA permission.

In effect, President Kennedy let the White House be used to announce relatively small rate reductions by a rural electric cooperative in Mississippi and a municipally owned system in Alabama.

To the credit of the *New York Times*, it must be said that this widely respected newspaper sought to put the story in perspective with a front-page article 2 days later that characterized the rate cut announcement as a "stunt."

In a neat job of tailoring its story to its audience, Doremus & Co. released another version of the TVA rate announcement for *New York* underwriters next day assuring them that the rate change "in no way affects the wholesale rate at which TVA sells electricity to the local distributors in its region." This release went on to say that the retail rate would have no adverse effect on TVA's power revenues and that its only effect would be to enable those distributing systems with lower operating costs to pass on these savings to ultimate customers.

TVA's wholesale rate had not even been mentioned in the glowing release at the White House.

A spokesman for Kentucky Utilities Co. came nearest characterizing the significance of the White House announcement. Said the KU spokesman: This action "was about the same as if an individual General Motors car dealer cut his prices by \$100 and the car-maker decided to take full credit for the price cut."

There is some doubt whether President Kennedy realizes even yet that his office was used to foster a misleading story about TVA rates. It must be that TVA executives did not fully appreciate the interpretation that would be given their statement.

It may be conjectured that this announcement praising Federal power and the accompanying endorsement by President Kennedy was timed to create the proper atmosphere for the House vote next day on the Hanford reactor power facility.

If that was the purpose, it failed. The House next day voted 176 to 140 to knock out the Federal power generation facilities for the Hanford reactor.

### The Razor Edge of Danger for American Survival

#### EXTENSION OF REMARKS

OF

**HON. DON L. SHORT**

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. SHORT. Mr. Speaker, George Romney, president of American Motors Corp., recently wrote an article for the *Detroit News* wherein he commented on the dangers facing America and the principles in which we profess to believe and upon which this Nation was founded. This article was so thought-provoking that it was reprinted in the Sunday edition of the *Washington Star*. Mr. Romney's comments are, in my opinion, the most realistic commentary on the problems of the day that I have read anywhere. For those of us who believe in the basic strength of the free enterprise system I believe this article will provide food for thought. We must keep in mind that an economic system based upon freedom of opportunity demands a great degree of responsibility



on the part of the individual. If we as citizens do not face up to our responsibility our system could fail. We must not underestimate the dangers of Communism but we must also recognize the dangers of relinquishing our individual responsibilities to government.

Mr. Speaker, under unanimous consent I include the article written by Mr. George Romney, as follows:

**THE RAZOR EDGE OF DANGER FOR AMERICAN SURVIVAL**

(By George Romney, president of American Motors Corp.)

"Every good and excellent thing stands moment by moment on the razor edge of danger and must be fought for."—Thornton Wilder, "The Skin of Our Teeth."

America's success has been so great it has created new problems whose solution will require new and greater struggles.

Not since the Civil War have we faced a more grave national crisis. The very survival of our Nation is at stake.

America's only previous confrontations with danger of this magnitude were the American Revolution itself, the governmental crisis under the Articles of Confederation, and the Civil War. Today we are engaged in a titanic struggle for survival in the ideological field, the scientific field, the military, technological, propaganda, and political areas. Truly, we stand on "the razor edge of danger."

**BULLETS AND BLANK CHECKS**

While the danger is the greatest the world has ever seen, it is not primarily because of communism that we face the struggle for survival. It's not the uncommitted nations, or an atomic intercontinental ballistic missile war, or international economic competition—serious and decisive as these are.

Underlying their danger is a greater danger—the decline of religious conviction, moral strength, national purpose, and personally responsible brotherhood and citizenship. To the extent that we possess or lack these qualities, we will win or lose our struggle for survival.

Our ability to overcome our domestic problems and meet our international obligations depends on restoring our spiritual and moral health and in fully meeting our obligations as free American citizens.

We need to understand the basic principles of the world's authentic revolution—the American Revolution. Then we will recognize their partial realization at home and the urgency of further progress. We also will appreciate their universal value in helping others to free themselves from various forms of bondage, as they struggle to make their own free choices and play their part in achieving world order through universal human brotherhood, dignity, and voluntary unity. A fresh commentary on this subject has recently come from Dr. Albert E. Burke, the "Angry American" described in *Look* magazine of August 1, 1961. He said:

"We can't defend what we don't understand. The future for our kind of freedom depends upon how well we explain ourselves—to others and to ourselves. If we put our faith in bullets and blank checks passed around by blank minds it won't be communism that wins the world. It will be democracy that loses it."

**VAST NUMBERS ARE MISLED**

Our international adversaries deify the state, proclaim the supremacy of the material, and deny existence of a Creator. Despite this coldblooded and ruthless philosophy, they have convinced a vast portion of the world's people that their concern for human beings is greater than ours.

What a grim irony. Their flint-hard materialism is interpreted as being idealistic

and even more spiritual than ours. And our society, built on a foundation of spiritual concepts, is stigmatized as being ruthlessly materialistic.

There are many causes of this. As a businessman, however, I will largely discuss some causes in the area of industrial responsibility.

Our present identification with materialism, in part, grew out of industry's public reaction to political attacks of the 1920's and 1930's. In replying, industry's answer was deficient and the emphasis wrong, in my estimation. The answer ran as follows:

With 6 percent of the world's people, we are able to produce 50 percent of the world's goods. We have more bathtubs, telephones, automobiles, refrigerators, and taller buildings.

This, of course, was a materialistic answer. It gave no recognition or understanding whatsoever of this fundamental fact:

Our material accomplishments are derived fundamentally from our political concepts, and our political concepts are derived fundamentally from our moral and religious concepts.

The acid test of a civilization is not its monuments nor its materialistic accumulation. It is what kind of men it produces.

The men who built the bedrock on which our society stands had a balanced and all-inclusive concept of man. They applied it religiously, politically, economically, and socially.

Industry's principal defense against present attacks in the political and economic area also is wrong, in my opinion. The prevalent thinking seems to run as follows:

Labor unions, bursting with new economic power, have now developed greater political power than industry. Therefore, it is necessary for corporations and other business organizations to plunge businessmen as businessmen headlong into politics.

This is wrong.

In a society premised on our political principles, it is wrong for an economic organization to seek to directly or indirectly shape its members' political activity or action. Neither should the citizen delegate his political birthright to economic organizations. It is also wrong for the citizen to exercise his rights primarily on an economic basis.

**THE REMEDY IS POLITICAL**

What then is right?

Let us begin with a statement of need:

We need greater citizen participation in meeting our political and economic problems in this country. This requires persuading more people to exercise their citizenship as citizens. The important words are "as citizens," and not as businessmen or union members or any other designation of an economic or other special-interest character.

Why do I say this? Because when we encourage people to exercise their citizenship on the basis of their economic interest or affiliation, then we unwittingly accept the fundamental premise of the enemy, namely: economic determination is the important factor in society after all.

Most certainly citizen apathy in the political realm is one of our great deficiencies. Let's correct it politically, not economically. Otherwise, we relinquish a cherished political heritage for a mess of pottage.

The unwillingness of people to say what they think is another serious deficiency of our times. Too many people limit their personal expressions to views they think their associates and their social or political groups want to hear. Too many are concerned about what speaking their minds will do to their business. Too many are fearful of what it will do to them socially or politically. Too many mouth things they don't really believe. Too many say nothing at all about subjects on which they have ingrained personal convictions.

Look at the record of performance in recent political campaigns. The major parties are just as averse to forthright commitments on genuine issues as weak-kneed citizens. By their very nature, the major political parties are principally concerned with winning elections. I don't dispute the fact that nominating candidates and winning elections is a very necessary function and should be a key function of a party. But party principals and their spear-carriers have been so concerned with that function that they avoid public discussion of vital issues.

Why? Because they have put victory first and fear offending important organized minorities and losing votes. To win elections they avoid being right too soon on controversial issues. Consequently, understanding and action on current vital problems is deferred. This procrastination can produce deplorable problems. Witness the recent financial crisis and the virtual breakdown of representative government in Michigan.

**OUR GREAT NEED NOW**

Never in our history has there been a greater need than now for the intelligent discussion of basic issues. This country desperately needs a political organization which dedicated citizens will wholeheartedly support because it is realistically defining and seeking solutions to the real issues—and doing so on the basis of the facts and of fundamental American principles. Only a political organization that will put these activities above winning a given election will command widespread respect and dedicated support.

I do not favor three parties, but either one of our major parties must become a genuine citizens' party, freed of minority group domination, or a separate political instrument must provide the political means for citizens to put the issues ahead of the mere winning of political office for its candidates.

How can we have Government of the people, by the people, and for the people? Only by providing adequate means by which the will of the people can be effectively registered after meaningful discussion of current fundamental issues that informs the people on the proposed solutions of the parties and the candidates.

The growth of excessive power is another fundamental and imminent danger in our society. Unfortunately, we have lost our understanding and fear of power. This constitutes an added hazard. For when anyone questions the magnitude of private power in industry, in unions, or in government, he immediately is confronted with specious arguments that people blindly accept as valid. Therefore what is said is often dismissed.

They are misled by this argument:

Without such concentrations we could not enjoy the material abundance which has been so impressively created. For the sake of military defense, technological improvement, efficiency and economy, America must endure present and even greater organizations of power in industry, labor and government.

I disagree. In too many instances we have already created private power of such awesome magnitude that we are facing the further expansion of governmental power of staggering proportions for the purpose of offsetting this private power. That, I believe, is the root of our domestic problems.

The excessive concentration of private power is most pronounced in the collective bargaining area. America's unequalled potentials for further progress require genuine collective bargaining, big and strong companies, and big and strong unions.

**EXCESSIVE POWER IS STIFLING**

I firmly believe in collective bargaining on a continuing basis, but I am vigorously opposed to our present swollen forms of union and employer power. They have made col-



lective bargaining a process of power conflict, not of industrial democracy. As a consequence, America is being divided into warring political and economic camps. Unless industrial sanity is restored, we may be robbed of our heritage and our future.

Our traditional concern was that any form of excessive power must be divided. History clearly shows that unless such power is dispersed, it sooner or later is abused.

Such proposals as factfinding with recommendations, public wage-price hearings, compulsory arbitration, plant seizure, and labor courts constitute inadequate—even futile—efforts to deal with the symptoms of a sore-ridden free industrial society.

We must deal instead with the real cause—excessive collective bargaining power concentrations. This is a sinister disease that is producing the sores. It is eating at the vitals of America, economically and politically. It is putting our industrial costs and prices on economic stilts at a time when international economic competition is in the early stages of growing more intense.

The early labor laws and industry laws designed to remove obstacles to our further progress are incomplete. They are far from adequate for dealing with today's new problems. Here are some reasons why:

Franklin D. Roosevelt correctly recognized that by the late 1920's, industrial, financial, and agricultural power had become excessive. He found it necessary to lead a peaceful revolution by creating a countervailing economic power. He accomplished this through the process of collective bargaining and the labor laws. Thereby he made a necessary contribution to the Nation's economic development. The immediate effect was the needed division of economic power, and stimulation of progress by widespread correction of indefensible abuses in American industry.

But Roosevelt went even further. He undertook to offset the political influence of industry and agriculture by encouraging union political participation. The consequences, in light of subsequent developments, warrant reexamination, because in the intervening period the new power of unions has grown to be tremendous—so tremendous that employers in vast industries have combined their power to offset swollen union power. The resulting collective bargaining power struggles have created the current trend and peril.

The current trend is toward even further concentration of power—this time in governmental hands—to offset the excessive concentrations of labor and industry power. It is time to halt this trend by reviving our basic economic laws to reflect the fundamental fact that the common interests of labor and management exceed their special interests and that the freedom of both depends on industrial competition that protects the general public.

#### BASIS FOR NATIONAL POLICY

In a free society, competition and separate enterprise cooperation based on our proven principles of sharing economic progress among consumers, employees, and stockholders must be the foundation of national economic policy and private economic activity.

If any group monopolizes all the benefits of progress, the Nation suffers from maldistribution and imbalance.

This frequently happens when the basis for future sharing by one or two groups is determined in advance without regard to the interests of all. For example, wages or dividend payments fixed this year for the next 3 years could be so far from the progress results in 1964 that the labor or stockholder share could be either excessive or deficient. Needed is an equitable method of sharing actual progress, not hypothetical progress with employees.

Here is the dilemma:

The collective bargaining laws and premises on the principle of monopoly and compulsory cooperation.

The antitrust laws, and those relating to industry, are premised on the principle of competition and voluntary cooperation.

Thus, we have a built-in conflict in our basic economic laws.

Both employers and unions mass their gargantuan economic power or their not inconsequential political power for collective bargaining purposes. The collective bargaining laws impose no real limits on the power moves of either side.

If we maintain this pattern, and continue in this direction, the Government is going to step in and control bargaining. This would bring Government control or determination of wages. If this is done, similar control of prices is inevitable. This could prove fatal.

With such controls, I believe the economic freedom and flexibility required for needed levels of progress and progress sharing will disappear. Government control and Government decision will be substituted for the decision of free organizations, and ultimately of the people as consumers.

#### ANTITRUST LAWS INADEQUATE

Our antitrust laws also need to be modernized and strengthened, not relaxed. They miss today's target. They fail to reflect adequately the conditions of today's competition. They do not provide for economic birth in fully established basic industries—only for economic death. Many such industries are now dominated by one or two companies. This excessive concentration is experiencing growing intellectual and political attack and declining public confidence.

Either the American people are going to have confidence in the ability of the competitive principle to protect their interests in the marketplace, or they are going to turn to their public servants for the exercise of the type of control they think is needed.

Our economic progress has been importantly the result of a sufficient number of sensitive power centers free in their response to change. This has produced superior industrial flexibility and strength.

Centralization of wage and price control in Government could prove as inflexible as present agricultural control.

In a period when two-thirds of the people in the world are still hungry, we approach our agricultural problem primarily on an isolationist, nationalistic basis. Our granaries bulge. Yet our programs deliberately curtail the productivity of our land and artificially inhibit our advancing technology.

Internationally, we are an island of prosperity in the midst of world poverty and starvation. We are like a rich man in a very poor village, who has more than he personally can consume, but artificially raises costs and prices and doesn't adequately help others to help themselves improve their own economic circumstances.

Fifty-five percent of U.S. farmers desire to be free of all controls according to the polls. Whether or not such polls are an accurate reflection of farm opinion is not necessarily the important point. The vital question is whether, on a centrally controlled basis, we are approaching the agricultural problem soundly from the standpoint of our present world interest rather than from the narrow past based on economic nationalism and political interest.

The technology of agriculture in this country has moved like lightning in the last 20 or 30 years. Farm costs have been slashed and on a volume production basis could be slashed further. Therefore, we can meet our moral responsibility, strengthen freedom, enlarge our world food markets, and strengthen

our economy by cutting agriculture loose from present Federal controls. We should let it compete flexibly on a world price basis.

#### OUR TECHNOLOGY AIDS SOVIET

Unless we face up to doing it soon, the Russians will beat us in using modern agricultural technology to help the hungry.

After studying our technology and agriculture, the Russians are moving earth, if not heaven, to copy our achievements. They intend to exploit them first to meet the requirements of people around the world for food. The fact that our agricultural problems are complicated by the self-interest positions of other friendly nations should not deter us from approaching our problems on a sound basis.

In addition, we must devise faster and more effective ways to help the less developed nations develop their resources and meet their other economic needs.

As a nation we are in the best position to take a seven-league-boot stride forward in this area. Out of our own success we can devise the quickest and best methods of helping to create a world society that is well fed and well housed. Only by doing so can we live in a world based on freedom and complete human fulfillment instead of coercion and crass materialism. Let us hope we make the most of this opportunity; it could be our last.

In our own lifetimes, we've watched the already costly Federal Government become an octopuslike creature, increasingly difficult to control. But if businessmen, unions and farmers continue to join the parade to Washington for special favors, how can we expect to curb the further intrusion of government into economic affairs?

Likewise, if States and local communities continue to look to the Federal Government for primary help on tasks which the States and communities should undertake themselves, how can we expect to keep Federal Government power distributed and dispersed?

The steady drift toward big government will not be arrested unless we do three things:

Resolve the above conflicts and rigidity in our national economic policy.

Reestablish the responsibility and independence of State and local governments.

Strengthen the spirit of self-reliance and generate a renewed appreciation of voluntary cooperation as the primary mechanism for expressing this self-reliance.

The most powerful force on earth is the spontaneous cooperation of a free people. To mobilize it requires the type of leadership that encourages the voluntary action of the people, individually and jointly, above the extension and expansion of governmental responsibility and power. We need such leadership locally, nationally, and internationally. We need it in peace as in war.

#### DUTY OWED TO LESS FORTUNATE

Locally, we need further to develop voluntary cooperative mechanisms that will enable metropolitan communities to eradicate slums, arrest the encroachment of blight, reduce the cost of good health and provide better programs and opportunities for their youth.

By fleeing to the suburbs, none of us is morally relieved of the responsibility of assisting in the improvement of the central city where we earn our keep. Those who have not had the same opportunity to escape crowded and decayed areas must not be abandoned by the fortunate ones who, whatever their reasons, have broken away from the urban scene.

Recently Dr. Arnold Toynbee, the renowned British historian, observed that free societies are stronger in wartime than totalitarian societies. He attributed this to the fact that free men can combine their



efforts in face of a common danger better than those who are enslaved. He noted, however, that because of the central direction of human effort, totalitarian societies are more effective in peacetime, because in free societies human effort in peacetime lacks comparable and essential unity and organized purpose. Here is another major challenge.

Let me state some basic convictions: Despite its protection of choice and diversity, I believe a free society through effective use of voluntary cooperation can be more flexible, efficient, and effectively unified in peace as well as in war. Its basic unity can be more effective where the need clearly exists. It can develop the cooperative means by which it can and must identify and cope with new problems as they are arising.

Crises or emergencies resulting importantly from procrastination and self-interest conflict can be largely avoided if we retain and use the freedom of action by which we are sufficiently flexible in meeting fundamental problems. We must have the flexibility to deal with them in their early stages before they reach such overwhelming proportions that extraordinary application of central governmental power is demanded.

Finally, the elimination of domestic racial discrimination is imperative if we are to be true to our own principles and lead the world through example and persuasion to liberty and brotherhood.

Our greatest weaknesses are personal indifference, ignorance and apathy.

Conversely, our greatest need is an aroused and informed citizenry dedicated to the acceptance of individual responsibility; energetically aware of what America and the world can be, and convinced that we are capable of building new order for the ages, based on the Declaration of Independence and the Constitution, and the belief in our Creator and our inescapable obligation to obey His laws as we individually understand them.

This is the bedrock foundation of the incompleting American Revolution, politically, socially and economically.

Unless more of us exercise our divinely endowed personal power and responsibility, tyrants will exercise it for all of us. We must serve God and all mankind or lose our freedom and face destruction.

#### Summer Recess for Congress

#### EXTENSION OF REMARKS OF

**HON. SAMUEL S. STRATTON**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. STRATTON. Mr. Speaker, as we move now into the third week of August the question has really become academic, but there continues to be a great deal of interest in some sort of reorganization of congressional sessions so that Members might have at least 1 or 2 weeks in the middle of the summer to spend with their families, always barring, of course, some emergency such as the Berlin crisis that might require our time in Washington around the clock.

It is especially significant that interest in this proposal has not been centered exclusively with those Members of Congress who have families of small children. In that connection, I include a thoughtful and provocative editorial

from the Leader-Herald of Gloversville, N.Y., of August 9, 1961, which discusses this question most persuasively.

#### SPLIT SESSION CONGRESS

Leaders of Congress are driving to adjourn by Labor Day. While Members would scatter to their homes, to build their fences, in many cases their wives and children will have to remain behind in Washington for the opening of the school term. They had been marking time all through the summer waiting for the family vacation that will not now come.

For this reason, Members of both Houses of Congress are pressing for resolutions that would set up split sessions conforming more or less with the school year. They feel that they would be better legislators if they can live a more normal family life. The loveliest lobby—the wives of Congressmen—is ardently pleading for passage.

Speaker SAM RAYBURN has been made the whipping boy, if the idea fails, because he opposes it. As a bachelor he does not see its value. There are even greater obstacles, the need for quick action in the state of the world. But something should be done for the family, too.

#### Longevity Increases for Postal Employees

#### EXTENSION OF REMARKS OF

**HON. JOHN C. KUNKEL**

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. KUNKEL. Mr. Speaker, I am strongly in favor of S. 1459, which recently passed the Senate. It is a companion bill to H.R. 6092. All this bill does it to place postal employees on the same basis as Federal employees in other Federal departments and agencies in respect to longevity increases. All it does is to correct an existing inequity. Certainly all our Federal employees should receive fair and equal treatment right down the line. I am sure this proposal will receive overwhelming support when it comes to the floor, and I hope the committee will see fit to report it promptly so that it can be enacted into law at this session of Congress.

In this connection, I am including a letter from Gurden M. Higley, legislative chairman, Local 89-1566, United Federation of Postal Clerks:

HARRISBURG, PA.,  
August 14, 1961.

HON. JOHN C. KUNKEL,  
House Office Building,  
Washington, D.C.

DEAR CONGRESSMAN: S. 1459 has passed the Senate, and now awaits action of the House Post Office and Civil Service Committee, and finally approval of the House. Enactment of this bill will place postal employees on the same basis as Federal employees in other agencies.

Under present law, employees under the Classification Act receive longevity increases equal to the amount of a regular within-step increase of the grade, after 10, 13, and 16 years.

Postal field service employees receive a fixed amount of only \$100 for each longevity grade after 13, 18, and 25 years of service.

I believe the statement contained in the Senate Post Office and Civil Service Committee Report of June 27, 1961 (favoring S. 1459) states simply and with clarity why the enactment of this bill is fair and justified, and I quote report No. 74:

"An employee in the postal field service receives a within-step increase each year after entering the service until he reaches the top step of his pay level at the end of his sixth year of service. These within-step increases bear a direct relationship to his pay in very much the same manner as is the case under the Classification Act. In level 1, the within-step increase is \$130. In level 2, it is \$135. In level 3, it amounts to \$145. In level 4, it is \$160, and so on up to the top of the postal pay schedule. However, when a postal employee becomes eligible for a longevity increase, he receives only the flat \$100.

"The bill corrects this anomaly by providing that longevity increases shall be in the same amount as the regular periodic within-step increases of the various pay levels. Also the bill changes the service requirement for longevity increases from 13, 18, and 25 years to 10, 13, and 16 years in order to more nearly correspond with the 10-, 13-, and 16-year within-grade requirement under the Classification Act."

We feel this inequity affecting Postal Field service employees should be corrected and our group should be treated as fairly as other Federal employees.

We earnestly solicit your help in the early passage of this bill in the House. Thank you.

Sincerely,

GURDEN M. HIGLEY,  
Legislative Chairman, Local 89-1566,  
United Federation of Postal Clerks.

#### West Berlin: How the City Became a Symbol of Freedom for the West

#### EXTENSION OF REMARKS OF

**HON. KATHARINE ST. GEORGE**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mrs. ST. GEORGE. Mr. Speaker, the following is the second and final article by John F. Bridge on West Berlin, its history background, and the causes of its present plight.

These two articles appeared in the Wall Street Journal on August 14 and 15.

The Journal is to be highly commended for publishing this factual history of one of the principal reasons for the present unrest from which the world suffers:

HOW CITY BECAME SYMBOL OF FREEDOM FOR WEST

(By John F. Bridge)

"Berlin, we were convinced, was an experimental laboratory for international accord. If we could learn at the conference tables to conduct our business as friends, we could eventually live together as friends and ultimately work together in world partnership. A modus vivendi between East and West was our first objective."

So wrote Gen. Dwight D. Eisenhower in "Crusade in Europe" of his philosophy during the early days of Allied-Soviet control of Berlin. The philosophy was widespread in the United States, and the basis of such policy as there was. Though Churchill was already having serious reservations about its



practicability, as the result of Russia's gobbling up East Europe despite the Yalta agreements, Britain was also going along with the idea.

In the years since 1945 Berlin has indeed become a laboratory but hardly one of international accord. Even before the experiment could be set up, there were rumblings of trouble. Germany was to be governed by an Allied Control Council, consisting of the military commanders of each of the four major victorious powers. But General Eisenhower, while he found the first meeting on June 5, 1945, in Berlin cordial enough, discovered Marshal Zhukov hemmed in by all kinds of advisers, including Andrei Vishinsky; the marshal had to take these into consideration in everything he did. But beyond this initial sign of trouble to come, the haphazard policies that had grown up for the occupation of Germany left the new President Truman with some most difficult problems to work out.

Since at the war's end the Russians occupied all of Berlin, while both the American and British forces had advanced well within the agreed-upon Russian zone of Germany, some method had to be worked out to get everyone within the proper zones. Behind the diplomatic verbiage, the unspoken situation was one of "who's going to give up territory first." Only the Americans seemed to have faith that everyone would act properly, and bit by bit even this was tarnished.

#### MR. TRUMAN ACTS

Mr. Truman finally broke the logjam, after a visit by Harry Hopkins to Stalin, by messaging the Russian dictator and Mr. Churchill in early June 1945: "As to Germany, I am ready to have instructions issued to all American troops to begin withdrawal into their own zone on June 21 in accordance with arrangements between the respective commanders, including in these arrangements simultaneous movement of the national garrisons into Greater Berlin and provision of free access by air, road, and rail from Frankfurt and Bremen for U.S. forces."

The "free access" matter was crucial. The years of preliminary negotiations setting up a divided Berlin, going back to 1943, had not provided any method or guarantee for supply of Allied forces in the German capital. As Mr. Truman noted in his memoirs, "Year of Decisions," the arrangements "would be silly" if they led to "an isolated Berlin . . . to which we would have no access." He advised the military to press ahead for such agreements along the lines of his message to Stalin, and Marshal Zhukov and Gen. Lucius Clay sat down to work out the details late in June 1945.

Mr. Truman wrote: "The Soviet agreed to provide unrestricted use by the Allies of the standard-gauge railroad from Goslar to Berlin via Magdeburg. The Allies were also given the use of the Hanau-Magdeburg-Berlin autobahn, but were refused free use of the Berlin-Frankfurt autobahn. The Allies were to have an airbase some 20 miles wide from Berlin to Magdeburg and two lanes from Magdeburg to Frankfurt."

These agreements were not formalized in any treaty. They were merely a verbal agreement between the two military commanders. There were still widespread hopes, at that time, that "trusting" the Russians would lead them into friendly relations with the West. Too, Marshal Zhukov was particularly liked by Western leaders and he reciprocated—probably to his own detriment, for as relations eventually worsened he disappeared to a remote command. General Clay in time came to express regret for the verbal character of the agreement. But as Mr. Truman noted in his memoirs, if the Russians didn't intend to honor the agreements, putting them on paper wouldn't have helped.

The Berlin meetings of the Allies rapidly became anything but a showcase of international accord. Russian intransigence be-

came a constant concomitant to the meetings. The most minor decisions, in the Western view, had to be referred back to Moscow and the answers were often weeks in coming.

#### GLOBAL TROUBLES

The big blowup over Berlin—the blockade of 1948-49—was still several years away. And while relations between the West and Soviets within the city were often difficult, the main troubles were elsewhere; the hopes of cooperation in the postwar world were rapidly being dissipated at the United Nations, in Greece, Turkey, and Iran, where West and East came into conflict. One Western reaction was the Marshall plan, which further enraged the Russians.

As for Germany, it was becoming evident that East and West had different basic ideas. The West, led by Mr. Truman, continued to push for a unified Germany with a central government in Berlin. The East, it became increasingly evident, was set on a divided Germany, communizing its own sector and hoping eventually to pull the Western sector behind the Iron Curtain. The rosy aura of World War II days had given away to cold war by 1948, though the Russians were not yet aware of the depth of the Western determination that was suddenly and triumphantly dramatized in the Berlin crisis of 1948-49.

The background, briefly, was economic as well as political. Ever since World War II the Russians had been able to flood Berlin and West Germany with paper currency because they had been given plates duplicate to those used to print the Western currency. They had used this to depreciate the currency, aggravating inflation and the difficulties of economic reconstruction. Since the Russians were looting their own zone, rather than reconstructing it, they were already suffering a propaganda disadvantage in the eyes of the Germans.

The West decided on a currency reform, issuing new paper in its occupation areas, which were being economically united in a "bizonal" plan. Partly as a result of these moves, the Russian representative walked out on the Allied Control Council on March 20, 1948. And a few days later the Russians said that on April 1 they would start checking all U.S. personnel and freight passing through their zone.

Wrote Mr. Truman: "Our military government authorities rejected these conditions. They pointed out that we had been assured free access to Berlin at the time our troops withdrew from Saxony and Thuringia into their own zones. The Russians claimed no such agreement had been made. They declared they had the full right to control all traffic in their zone. They began to stop our trains at the zonal border and turn them back when the train commanders under orders, refused to submit to inspection. Between April 1 and July 1 Russian orders sealed off all highways, rail, and river traffic into and out of Berlin. 'Technical difficulties' was given as the reason by the Russians."

He added: "What was at stake in Berlin was not a contest over legal rights, although our position was entirely sound in international law, but a struggle over Germany and, in a larger sense, over Europe. In the face of our launching of the Marshall plan, the Kremlin tried to mislead the people of Europe into believing that our interest and support would not extend beyond economic matters and that we would back away from any military risks."

#### THE BERLIN AIRLIFT

The U.S. reaction was dramatic—and unexpected by the Russians.

On June 26 Mr. Truman discussed the crisis with his Cabinet and directed that an airlift of emergency supplies, already underway, be put on a full-scale basis and every plane available be pressed into service.

Month by month the number of planes in-

volved and the tonnage flown into Berlin airports was increased. Always the question was whether the Russians would go to war to stop the airlift. But Western determination paid off. Talks with the Russians were undertaken to get the blockade lifted, but while there always seemed bright possibilities at the highest levels of negotiation, the plans invariably were blocked at the working level. The battle of diplomacy spread to the United Nations but also bogged down there too.

Meanwhile the machinery of the Kommandatura, the four-power governing agency for Berlin itself, also broke down because of Russian obstacle making. And as part of its intrigues the Soviets tried to boost the power of the German Communists on the Berlin city council. As a result of these two moves the government and Berlin itself were from that time split into Allied and Russian regions and governments, ending for all practical purposes the original idea that Berlin was to be treated as a single unit, the capital of a nation which was to be reunited.

The longer the airlift went on, the more efficient it became: at the peak 8,000 tons of food, coal, and other supplies were crossing the "airbridge" daily. Finally, in late January 1949, Stalin gave a hint he might back down. On May 12, 1949, 14 months after it had started, the blockade was dropped. Mostly as a face-saving measure, it was agreed by the West that the Council of Foreign Ministers should convene to discuss matters arising out of the situation in Berlin and matters affecting Germany as a whole.

#### SYMBOL OF DEDICATION

Coming on top of the Red coup in Czechoslovakia, the whole incident had galvanized Western Europe. Both there and in the United States and Britain the last defenders of giving the Russians their way in the hope they would then "be good" were in retreat. All the West began to see clearly the need to arm against the Soviet menace. Discussions soon got under way which culminated in the North Atlantic Treaty Organization. U.S. behavior in this crisis was probably a mean reason for the support it won in the Korean crisis which was to hit in June 1950. Berlin, in Mr. Truman's view, had become a symbol of America's—and the West's—dedication to the cause of freedom.

The experimental laboratory for East-West cooperation thus wound up as the laboratory for American and Western determination to stand against the Russians.

Once more, in November 1958, the Russians were to try to squeeze the West out. Mr. Khrushchev at that time delivered an ultimatum saying that he would, in 6 months, sign a peace treaty with East Germany. The effect, presumably, would be to enable the East Germans to ease the West out. When the West—now headed by President Eisenhower—gave no sign of giving in, the ultimatum was allowed to expire with the Foreign Ministers convening once more to discuss German problems.

The mechanics of that squeeze were much the same as those now being applied. The laboratory is the same. There is little to indicate that, if determination be maintained, the outcome won't be the same.

### The National Lottery of Chile

#### EXTENSION OF REMARKS

OF

HON. PAUL A. FINO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. FINO. Mr. Speaker, I should like to tell the Members of this House about



the national lottery of Chile. In Chile, as in many other Latin American nations, lotteries are frequently used to assist charitable and welfare organizations. These lotteries are thus of great national benefit.

In 1960, the gross annual receipts came to \$23 million. The net income to the Government in that year was some \$5.5 million. Some of this money was paid as a tax and entered the Government's general revenues. About three-quarters of it, however, was earmarked for institutions such as universities, the Red Cross and public health service posts.

Chile is another of the nations that has enabled the gambling urge to work for the general good. In the United States, we are unhappily still depriving ourselves of these benefits while at the same time succoring an organized crime empire that is to no small degree dependent upon gambling moneys.

### The Tender Trap

#### EXTENSION OF REMARKS OF

**HON. CHARLES RAPER JONAS**

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. JONAS. Mr. Speaker, under leave to extend my remarks in the Appendix, I include the following editorial from the Wall Street Journal of August 3, 1961. The contents of this editorial are pertinent today as we begin the debate on the foreign aid bill for 1961:

#### THE TENDER TRAP

In a recent letter to every member of Congress, Secretary of State Rusk and Treasury Secretary Dillon argued that, in order to help the less-developed countries, U.S. foreign aid must be financed several years in advance and extended on the basis of long-term commitments.

"Such assurances," said the administration spokesmen, "are vital in helping the recipient countries to make the hard political decisions involved in self-help measures and internal reforms necessary to economic and social progress."

This is curious logic. It's sensible enough for the United States to withhold help from those countries which show no willingness to help themselves. And even in the best of circumstances, necessary "strings" on U.S. aid may be resented. But it's one thing to run that limited risk, and quite another for the United States to plunge into long-term commitments before aid-receiving countries get around to making hard political decisions. Such overeager assurances of aid could get the United States inextricably involved in the domestic political squabbles of such countries.

Committing U.S. resources on the strength of shaky promises is also plainly self-defeating. Such "encouragement" of reforms long postponed is likely to discourage reform; why should there be self-discipline when Uncle Sam is ready to assume the burden? Why, for example, should a Latin American regime give up politically inspired inflation when it already has a U.S. pledge to bail out the economy?

Already, some Latin American politicians are grandly inflating public expectations of U.S. generosity under the "Alliance for Progress" aid plan, the better to back out of

promised (and unpleasant) reforms when the relatively modest amount of actual U.S. aid is made known. Washington seems more enthusiastic about the measures "necessary" to economic and social progress than some countries which cry loudest of the necessity for swift progress.

So a trap in the administration's long-term approach to aid is the tender-hearted temptation to take words in place of deeds. But we do the less-developed countries no kindness—quite the contrary—when Uncle Sam promises billions to cushion any hard political decisions.

### A Climate of Honor and Trust in International Investment

#### EXTENSION OF REMARKS OF

**HON. J. ARTHUR YOUNGER**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. YOUNGER. Mr. Speaker, at a time when the House is considering authorization for loans to be made by the Agency for International Development I find the attached article by R. G. Follis, chairman of the board of Standard Oil Co. of California, most interesting:

#### A CLIMATE OF HONOR AND TRUST IN INTERNATIONAL INVESTMENT

To stand on their own feet, to become stable, free and strong, to grow and to prosper, the newly emerging nations of the world must import large amounts of foreign capital and skills. Outright gifts and loans from friendly foreign governments, while they help get things started, are almost never enough to get them finished. And among the international investments that have helped these nations, those of the oil companies, comprising one-third of the total, are the largest.

Contrary to what many might think, it is not always easy to arrange to import such capital. These projects involve years of planning and hard work, the spending of vast sums of money, and are subject to the natural hazards of oil exploration itself with its heavy odds against success. In Australia, the last 10 years of effort and the spending of \$200 million by oilmen has resulted in no commercial production. In Brazil, the spending of \$300 million and 6 years of work have brought the same result. Forty years of exploration in the Philippines have resulted in a total loss to date. The countries involved, however, received bonus payments, investment within their borders, employment of their citizens, and other benefits.

These investments are not the same as those spread over a wide variety and number of ventures. In each country, the risk is all in one piece—and the oil companies who venture in these foreign lands assume it all. The host country, by sharing in success, receives money to develop its own national economy at no cost or investment by government or people. The country, however, does not share in the cost of failure.

Before making an investment of this magnitude, commonsense dictates that previous agreements be reached as to the share of profit the country is to receive; and the share the company is to receive if oil is found; how they receive it; rights and obligations on both sides.

Usually, these take the form of concession agreements. They permit an oil company to go ahead in the face of the existing risks, with the assurance that the ground rules will not suddenly be changed by one side

later on. But the development of the oil resources of a country is a widespread and complicated business. Inevitably, differences of opinion and disputes between company and country will come up. But friendly discussions, in an atmosphere of good will and in good faith, will usually bring a mutually agreeable solution. These are allowed for in such agreements. An example is the agreement between Saudi Arabia and the Arabian America Oil Co. Here, such discussions have forged even stronger links between country and company, including the now widely accepted principle of sharing profits equally.

The success of these agreements is now a commonplace. It is therefore all the more surprising to hear from some current sources and individuals the thesis that after oil is found and developed, a host government can, in fact, as a matter of patriotic necessity should, declare a one-sided amendment to the agreement which would give them part or all of the investing company's share of the profits.

There is, of course, no historical, logical, moral or legal support anywhere for this unique doctrine in any true civilization founded on law and not upon force. But, legality aside, if such a principle were accepted, the practical effects might well be disastrous.

The need of the newly developing nations for outside capital does not stop with the discovery of oil. New capital investment is then more necessary than before. This is because the country's new wealth lies not in possessing the oil, but in selling or using it or its products.

Even that, however, is not enough; the capital invested by the oil company is still just a shove, although a big one, in the direction of economic well-being for the host country. Success and good faith on both sides attracts more foreign capital to create more real wealth, a better life.

But if this is an ascending spiral, one-sided abrogation and bad faith breeds a descending one; new and desperately needed capital investment is scared off and even that already invested seeks to cut activity or escape altogether. The stability and development, freedom and political independence of the new nation can be permanently retarded.

A man's word must be his bond. So must the word of a company, or a nation. Trust to the faithful performance to the letter and spirit of a contract freely entered by both sides—and from which both benefit—has for centuries been, as it is now, one of the indispensable foundations of a civilization founded upon law.

R. G. FOLLIS,  
Chairman of the Board.

### Columban Sister Tells of Progress in Fight Against TB at Hong Kong

#### EXTENSION OF REMARKS OF

**HON. JOHN C. KLUCZYNSKI**

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. KLUCZYNSKI. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following article written by Gertrude Ann Kray, staff writer of the New World, in a recent issue which pertains to Sister M. Aquinas, superintendent of Rottonjee Sanatorium in Hong Kong.



Sister Aquinas wishes me to convey to the Department of Agriculture and to the Members of Congress that American rice is far superior to the rice from any other country and it is deeply appreciated. Sister Aquinas also praised the powdered milk and powdered eggs as being most useful. She would appreciate help in securing cooking oils, canned vegetables, butter, and cheese, and anything else would certainly be put to good use. Cooking oils, however, was placed on the top of the most needed items.

The article follows:

**COLUMBAN SISTER TELLS OF PROGRESS IN FIGHT AGAINST TB AT HONG KONG**

(By Gertrude Ann Kray, staff writer)

An Irish-born Columban nun, a full-fledged M.D., visited Chicago last week and expressed admiration for the city's medical work, praise for the country's surplus food administration, and gratitude for the pharmaceutical house that provided her hospital with \$40,000 in surplus drugs in the last few years.

Sister M. Aquinas, medical superintendent of Rottonjee Sanatorium on Queen's Road East, Hong Kong, is a specialist in chest diseases and was honored 3 years ago with a fellowship in the American College of Chest Physicians.

En route back to Hong Kong after a year's postgraduate study at London's Brompton Hospital, she was interviewed last Friday at a press luncheon in the Stock Yard Inn, hosted by Joseph B. Meegan, executive secretary of the Back of the Yards Council.

Her visit to Chicago was arranged by Dr. Otto Bettag, former State director of public welfare and now medical director of the DuPage County Tuberculosis Sanitarium.

Dr. Bettag met the dynamic, 41-year-old nun in 1958 at the meeting of the American College of Chest Physicians in Hong Kong.

Her visit here included stops at the Veterans' Administration Hospital (TB division) at Downey, Municipal Tuberculosis Sanitarium, Cook County Hospital, and other medical centers.

"Tuberculosis is our main problem," Sister Aquinas said. "In Hong Kong the disease attacks the bone. When children are afflicted it is particularly sad. However, we are making progress."

She listed overcrowding, poverty, and unemployment as the main causes of the disease.

"We have been encouraged by progress in the last 8 years, since the death rate has dropped to about 80 per 100,000, compared with 6 per 100,000 in the United States."

Over 1 million refugees complicate the problem in a city already overcrowded.

"The British Government has resettled some 500,000 refugees in new housing and progress has been made toward converting swampland to habitable acres. It is a great step," she concluded.

The hospital is a combined enterprise of private funds and Government aid. It is a former British naval hospital; its equipment was taken by the Japanese in World War II.

Later it was acquired by the Hong Kong Tuberculosis Association and given to the care of the Columban Sisters with the support of civic and governmental bodies.

It takes its name Rottonjee from the donor of the building to the Hong Kong Tuberculosis Association. There are 20 Columban Sisters on the staff.

"Hospital food is good," she said, "thanks to the U.S. Department of Agriculture which supplies surplus dried milk, rice, cooking oil, and other foods."

"You may know the food is ample and nourishing when expatriates often come

back to us for a meal," she said with a twinkle.

Sister Aquinas told of the TB insurance plan—a pilot project—through which chest X-rays are given at 6-month intervals with free care if the disease is detected. This costs the individual the annual equivalent of \$2.25.

The plan provides that the individual must first pass the initial X-ray test to become insured.

"The plan is working so well that hospital facilities are kept very busy," the nun explained.

"We are most grateful to the American pharmaceutical houses who supply us with surplus drugs," she said, and was quick to add that "progress is so rapid in the discovery of new drugs that many good and usable products are out-of-date, almost before they are on the market."

"In the last 3 years we have received \$40,000 worth of these surplus drugs."

The Columban order, to which Sister Aquinas belongs, is about 40 years old and is devoted entirely to missionary and medical work. The local house of the order, 6635 North Ashland, is the headquarters of Sisters who are studying at local universities for a career in the mission fields.

Sister Aquinas left Tuesday on her way back to Hong Kong. There she'll resume her duties as superintendent of Rottonjee as well as her lecture programs in medicine at the University of Hong Kong.

En route she will visit the Mayo Clinic, Rochester, Minn., and hospitals in Denver, Los Angeles, San Francisco, Manila, and Tokyo.

**Committee Wants Multiple Use**

**EXTENSION OF REMARKS**

OF

**HON. JACK WESTLAND**

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. WESTLAND. Mr. Speaker, the Western Interstate Committee on Public Lands recently adopted a resolution which refers to legislation before the Congress.

I particularly refer to Members of the body to the principles of multiple use upon which this resolution is based. I agree with this principle and have supported legislation that would help assure the operation of our national forests under this concept. I believe that the National Outdoor Recreation Resources Review Commission should conclude a study and report upon the needs for wilderness areas before any legislation concerning such areas is passed.

The resolution follows:

WESTERN INTERSTATE COMMITTEE ON PUBLIC LANDS, JULY 18, 1961, HOTEL SIR FRANCIS DRAKE, SAN FRANCISCO, CALIF.

Whereas national legislation and regulation which establish wilderness preservation areas are contrary to the multiple-use principle in the management of Federal lands; and

Whereas enactment of special interest legislation and regulation would seriously handicap multiple-use management of Federal lands; and

Whereas wholesale withdrawals of public land would be detrimental to the general tax structure and would limit and reduce the normal operation and development of the following industries: mining, timbering,

reclamation, recreation, grazing, oil and gas and dependent service industries in the Western States: Now, therefore, be it

*Resolved by the Western Interstate Committee on Public Lands,* That the Congress of the United States is hereby memorialized to oppose the wilderness preservation system as proposed in the Wilderness Act as an infringement on the administrative flexibility of the present system and because the announcement of such a proposal would subordinate policy decisions to a small council of nonrepresentative users; and be it further

*Resolved,* That the Congress of the United States is hereby memorialized to oppose all of the legislation and regulation not in accord with the multiple-use principle in the management of public lands; and be it further

*Resolved,* That a certified copy of this resolution be prepared and transmitted forthwith by the western office of the Council of State Governments to the Vice President of the United States, the Speaker of the House of Representatives, and each Member of the congressional delegations from the Western States.

**U.S. Congressman Daniel K. Inouye**

**EXTENSION OF REMARKS**

OF

**HON. JOSEPH E. KARTH**

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. KARTH. Mr. Speaker, an article in the June-July issue of *Paradise* of the Pacific magazine has put into words the deep and sincere respect and admiration many of us feel for the Congressman from Hawaii, DANIEL K. INOUE.

This respect and admiration stems from his ability as a legislator which was quickly recognized and from the reputation he has established as a man of his word.

Mr. Speaker, under unanimous consent, I insert this article entitled "U.S. Congressman DANIEL K. INOUE" in the Appendix of the RECORD so that many more Americans can read about the unusual background of our extraordinary Congressman from Hawaii, DAN INOUE:

U.S. CONGRESSMAN DANIEL K. INOUE

(By David Fitzsimons)

The friendship between LYNDON JOHNSON and DAN INOUE has puzzled many people; when INOUE backed JOHNSON for the Presidency, they questioned why he supported a conservative southerner. INOUE responded by attributing to JOHNSON much of the recent progress in civil rights. In addition the Vice President had been an ardent worker for Hawaii and sponsored appropriations for the East-West Center.

As for the Vice President's fondness for DAN; it has been suggested by JOHNSON that Texans have not forgotten INOUE's 442d Combat Unit which saved a lost battalion of the 36th Texas Division in France, in 1944.

Whatever the reasons for the root of their friendship, at the 1960 Democratic Convention in Los Angeles, LYNDON JOHNSON against the wishes of his advisors, surprisingly selected this relatively unknown Congressman from Hawaii for one of the two seconding speeches to his nomination. "Get someone well known," he was advised, but JOHNSON prevailed, and DANIEL INOUE prepared his tribute.



This 1 minute speech did not change history, but it did point up the phenomenal acceptance which has followed INOUE during his short stay in Congress and has been characteristic of his whole political career to date.

DANIEL INOUE (In-o-way) was selected Congressman of the United States in July 1959. When he took the oath of office that August, he proudly became America's first Congressman of Japanese ancestry.

On his third day in office, he was exposed to Washington's high-powered press; he was misquoted and ungently chastised for a misinterpreted opinion on District of Columbia home rule. Islanders were uneasy at the thought of bad press so early in the game. But only a few days later (after the press had apologized) DAN was back in print, and far more favorably this time:

"DAN arrived as an invited guest at the White House dinner for Khrushchev. As he stepped out from a limousine in white tie and tails, he was approached by a Russian who said, 'You must be one of the American millionaires.'

"No," said INOUE, 'in fact far from it. These clothes are rented. I own only my shoes.'

"Why should you do that?" asked the Russian.

"To do great honor to the people of Russia," replied INOUE.

"Thank you," said the Russian."

The rise of DAN INOUE has shown a great degree of astuteness in the evolving politics of Hawaii; and his sojourn in the U.S. Capitol has required far more deftness than the average freshman in the House of Representatives.

INOUE was not looked upon as just a new Congressman, but rather as an emissary from an island community which is mythically and romantically designated the "melting pot of the Pacific." He was expected to be an instant authority on all Asian matters; yet, at the same time, he was evoking comment because he was completely American, soft spoken, and not pretentious.

Although not a member of the House Committee on Interior and Insular Affairs, he was selected for a Pacific tour which included American Samoa, the trust territories, Guam, the Bonin Islands, and after a brief respite in Hawaii, on to Japan, Korea, Okinawa, Formosa, Quemoy, Hong Kong, and the Philippines.

On January 5, 1960, Congressman INOUE was selected by the U.S. Junior Chamber of Commerce as one of the "Ten Outstanding Young Men of 1959."

The highlight of this first session of the 86th Congress was his trip through the Pacific. He was impressed with the American policy of assistance without dictation in the territories. And in Japan he was thrilled to receive an unprecedented 40-minute conversation in private with the Crown Prince and Princess.

Regarding the official theme of the tour, "Cooperation Between East and West Against Communism," he stressed the need for improved communication between the two areas: "Friction between free world nations benefits only one cause, the Communist cause." Particularly he emphasizes the need for press exchange with an examination of our attitude toward Red China \* \* \* "a 25-million-man army and the largest Asian navy cannot be ignored, nor the fact that China will soon be the third largest industrial nation in the world."

INOUE favors international banning of nuclear weapons: "It took only 2 million tons of TNT to obliterate Germany; what can happen with the 35 billion tons of power which we now have in the United States alone?"

During the second session, the honors continued to fall. He was picked as a delegate to the Interparliamentary Union in Tokyo.

He was chosen for an important position in Eisenhower's people-to-people program. And in February of this year he attended an interparliamentary conference in Mexico.

Following his reelection last November, as a sophomore congressman, INOUE was made the incredible offer of a seat on the all important Foreign Affairs Committee. Even more incredible to some observers, he refused the post and requested a seat on the Agricultural Committee because there he felt he could be of more service to his home State. "I'm convinced the people of Hawaii can't live on mere prestige and publicity."

It is this attitude which has been the key to his legislative work since 1959. A great deal of consuming work was required to bring the new State under existing laws, and to promote programs which were too long delayed during territorial status.

DAN defines himself as a moderate-liberal, although the Hawaiian scale may not be as far right as nationally. His legislative program reflects this, with emphasis on wages, veteran's benefits, medical aid, appropriations for the University and the East-West Center, price supports for coffee, sugar allocations, interstate highway funds, defense funds, as well as votes for civil rights and against the Landrum-Griffin labor bill. However, more time and experience is required to determine his overall profile.

The childhood of DAN INOUE has been painted as one of near poverty, but poverty is a relative judgment, and in the areas that counted, he was quite rich. And he remembers his childhood with obvious pleasure.

DAN's father, Hyotaro Inoue, was 19 years old when he decided to get an education, attending school from 1914 until 1925 to receive a high school diploma. In the interim he met and married Kame Imanaga, foster child of a Methodist missionary. Mother Inoue was gentle, efficient, firm, and religious in her handling of the children. All went to church. And all took music lessons. "It took the family over a year to pay for a \$50 piano," DAN poignantly recalls.

From the age of 10, during the summers and after school, DAN enhanced the economy of the family by holding many miscellaneous jobs, but with no particular career in mind. Then, while attending McKinley High School, a kindly doctor refused a fee for setting a broken arm, and DAN, dramatically impressed, decided to become an orthopedic surgeon.

Several years later Glenn Miller put him "in the mood" to consider extending his talent for music into an orchestral career. When 1941 came, he witnessed history being made at Pearl Harbor; DAN wrote his experiences on paper, and won a highly coveted national prize. Subsequently he contemplated journalism as a profession.

But when the time came to enter the university, DAN returned to his earliest ambition and entered as a premedical major \* \* \* working nights as a medical aide for his sustenance.

In 1943 the 442d combat unit was established for men of Japanese descent. INOUE a university freshman, volunteered. Refused at first because of the critical need for civil medical aides, he persisted and was finally accepted as the next to last volunteer in the original unit.

Training for months in Mississippi and in the initial European campaigns, DAN rose to staff sergeant. In November 1944, Bruyeres, France, a battlefield commission made him the youngest (age 20) officer in the outfit.

The last big push up the Italian peninsula, where the 442d became the most decorated unit of the war, grew from a diversionary action to a full-scale offensive, spearheaded by these Americans of Japanese ancestry. Hill by hill, village to village, mountain after mountain the Germans were

pushed back. By April 1945, the enemy was against a wall; only two routes were available for evacuation of their Riviera bases, and one was being closed by partisans.

The Germans laid plans for withdrawal through the Po Valley, the heights of which were heavily fortified. For several days the 442d attempted flanking movements against these defenses, but as German evacuation from the coast began, a frontal assault was launched.

On April 21, 1945, Second Lieutenant INOUE led company E, under artillery cover, up the slopes of Mount Marciaso, commanded by the 361st Panzer Grenadier Regiment. Forty-five yards from the main enemy force, they were pinned down by three machine-gun nests. Overcoming the first impulses of fear, Lieutenant INOUE, already pierced through the stomach by one bullet, crawled forward to within a few yards of the first emplacement. Suddenly standing, he ran forward, and destroyed it with a grenade. Running to within 10 yards of the next nest, he silenced it with 2 grenades. "I'm blessed," he thought as he ran, but to his right he saw a German fire a rifle grenade. The explosion shattered INOUE's right arm.

Throwing with his left, he killed the soldier and went on to destroy the third machine-gun. Company E burst forward to be raked by a fourth gun which, before it could be overrun, crumpled INOUE's right leg. With a tourniquet on his nearly severed arm, and with the help of another soldier, INOUE insisted on proceeding up the hill to make sure the ridge was secured.

"I was in the aid station when they brought DAN in," says Chaplain Hiro Higuichi. "It was on the next to the last day of combat. I heard DAN tell the medics, 'Never mind my right arm, it's gone anyway. Attend to the others.' Then he looked at me and said, 'You know, Chaplain, I won't be able to play the piano any more.'"

On May 2, 1945, German forces in Italy surrendered; May 9, 1945, victory in Europe. During the war, DANIEL KEN INOUE had been awarded the Distinguished Service Cross and 14 other citations.

For 20 months he rehabilitated in mainland hospitals. There he had the opportunity to meet new people, places, and ideas; there he contemplated the future. The loss of his arm concluded all hope for either a medical or musical career, but other needs existed where his mind and voice could be used. Mentally agile and infused with energy, he turned his eyes toward law.

Discharged as a captain in 1947, he returned to the University of Hawaii to major in economics and government. He purged through school; he courted and married Margaret Awamura, young speech instructor at the university; and he found time to be active in the community as commander of the DAV, vice president of the 442d Veterans' Club, and chairman of the Oahu Veterans' Legislative Committee.

Receiving his bachelor of arts in 1950, he chose to continue his education at George Washington University in the District of Columbia, where his studies would include firsthand contact with the Nation's Capital and politics. His academic record was exceptional, and he impressively achieved his juris doctor in only 2 years, graduating in the top 10 percent of his class.

Returning to Hawaii late in 1952, he accepted an appointment as assistant public prosecutor of the city and county of Honolulu. He dove directly into politics. The growth of the Democratic Party in Hawaii, as well as the political activity of the Nisei, dates primarily from World War II. Consequently, the emergence of veterans' political influence lagged considerably behind that of the mainland, which saw the rise of Richard M. Nixon and John F. Kennedy in their respective parties.



However, in April 1954, a minor insurrection occurred in the seventh precinct of Honolulu's Fourth District. A group of young Democrats challenged the precinct chairman, who happened to be Territorial secretary, for the seats in the Territorial convention. The two delegations, each supporting different candidates for party leadership, threatened to split the party. A compromise, giving each delegation half-votes, handed the INOUE faction its first victory and a great deal of favorable publicity.

Later in the year, INOUE decided to run for the Territorial legislature from the solid Republican Fourth District. One of the Democratic old guard attempted to head off DAN and a corunner, Spark Matsunaga, by suggesting that public prosecutors in a U.S. Territory were prevented by the Hatch Act from running for public office.

The story was leaked to the press and burst into print with indignant cries against the maneuvering. INOUE and Matsunaga resigned their positions in October 1954, but the public support and publicity they had received virtually insured their election. In November, 11 young Democrats swept into their first terms in the legislature. They banded together to form the major faction of their party, and consequently controlled the house. DANIEL INOUE, freshman legislator, was chosen majority floor leader. But, in deference to experience and position, one of the party leaders was selected speaker of the house.

The resulting impasse was inevitable. A group of young liberals, overflowing with enthusiasm and inexperience while trying to promote a new program, were no match for a wily speaker, a stubborn Republican minority, and the vetoes of a Republican-appointed Territorial Governor.

A special teacher's pay raise was declared illegal because the legislation was improperly written. As the last day of the session arrived and little of their program was off the ground, the clock was pulled. April 29, 1955, lasted for 28 days.

INOUE and his colleagues attempted to salvage their program, finally threatened to dethrone the speaker, and the session ended. Money hadn't even been allocated for printing the session's records.

Peace was made. The young liberals applauded the speaker (who later became a Republican) for having taught them a lesson, and they castigated the Republican Governor for his vetoes. Strangely, the debacle became a victory; they gained prestige as their sincere efforts at change were applauded by the voters, who with the patience of born islanders, knew that experience would make the young legislators a valuable asset to the Territory. No confidence was better placed than in DAN INOUE.

In 1956, he was reelected from the fourth district. He entered a battle for the speaker of the house, lost, and was again selected floor leader. First grade fumbles behind them, better established within the party, and with a new speaker and Governor, the young Democrats redeemed themselves with a laudatory session. Most of them have since gone on to higher elective or party positions.

After two terms in the House Inouye turned his eyes in 1958 to the Territorial Senate. Elected by a heavy majority, he immediately found himself again in a fray with the old guard. He threw his weight behind Nelson K. Doi for president of the senate, and won an initial victory when the caucus chair was relinquished to Doi. Consequently, when the former chairman attempted to call a caucus, Doi and Inouye boycotted it. The old guard gave in, but Doi was subsequently defeated at president-designate.

Then, midway through the session, statehood was granted to the Hawaiian Islands. On February 26, 1959, INOUE announced his candidacy for the U.S. Senate. His credentials were more than adequate. In addition to his legislative experience, he had served in many posts within the party hierarchy; he was also a director of the Central Pacific Bank, an active leader of many service organizations, and as a public favorite he had no equal.

Having been the first to announce his candidacy for the U.S. Senate, he was suddenly faced with complicated problems of protocol and party adhesiveness. INOUE hesitated and finally stepped down. No one knew exactly why he had been willing to do this but that his *modus operandi* includes consideration for the party, is not disputable.

Throughout his own campaign for Congress, he actively supported other candidates of the Democratic Party. On July 28, 1959, although Jack Burns, Democrat, lost in a close race to William Quinn, Republican, for Governor, Dan Inouye was tendered the largest vote in Hawaiian history, more than 111,000—indicating a vote-getting power among Democrats, Independents, and split-level Republicans.

In the following year he boasted that vote to over 135,000—close to 75 percent of the total vote cast. Though the results are overwhelming, INOUE's campaign techniques have never been particularly colorful or arousing. Seldom emotional, he maintains a sincere "quiet sell" manner. But, he is in possession of a deadly acumen that leaves his opponents helpless in the clinches.

Political prophets foresee a great future for this competent tepid-electric personality who appears so easily to "win friends and influence people." And generally it is assumed that DAN INOUE will be candidate for the U.S. Senate in 1962. It is also assumed in Democratic quarters that unless DAN commits some serious mistakes, the chances of his being defeated are as slim as a whim. The opposition, however, is optimistic and expects to fight this time with an extremely influential candidate. Even so, as one rising young Republican perfidiously remarked: "Good-gawd-a-mighty, I'd rather run against Abe Lincoln."

### The Decline of Congress

#### EXTENSION OF REMARKS

OF

#### HON. W. J. BRYAN DORN

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. DORN. Mr. Speaker, many historians have attributed the decline of Rome to a gradual erosion and surrender of power by the Roman Senate. The Roman Senate delegated much of its power and constitutional authority to the emperor and to a vast, ever expanding bureaucracy. Through this policy, the Roman Republic was doomed forever.

It is un-American, undemocratic, and unthinkable that this Congress, as representatives of the people, would abrogate its power and constitutional duty to appropriate and control foreign aid funds.

The following article by Rowland Evans, Jr., reprinted in the Greenville, S.C., News, first appeared in the New York

Herald Tribune. Also, Mr. Speaker, I am enclosing an editorial which appeared in the Greenville News, Monday, August 14. I hope Mr. Speaker, that every Member of this House will read the article by Mr. Evans and this editorial before voting on this dangerous effort to give unelected bureaucrats a blank check and back-door approach to the taxpayer's money:

#### THE DECLINE (AND FALL?) OF CONGRESS

(By Rowland Evans, Jr.)

WASHINGTON.—There is a curiously unreal quality about Congress these days. The stage is there and on it one can see the usual props—the lights and scenery, the snuffboxes, the dignified tread of the southern grandees, the brisk efficiencies of the young Kennedy men.

The props are all there and the actors tell their lines without a flaw, but nobody is watching.

This is one of the central facts about the new administration. For years, ever since the binding caucus was abolished, the men of Congress have been yielding their power bit by bit to the White House to make the great political decisions of the Federal Government. The power drains out like sand in an hourglass.

They long since have given up most of their constitutional rights to "regulate commerce." These have been absorbed by the alphabet agencies downtown—the ICC, the FCC, the FPC, the Tariff Commission.

When World War II pushed the United States to the peak of world influence, and the demands of diplomacy and power compelled swift decision, the jealous Senate began to yield to the White House a little here, a little there.

These subtle additions to the executive power—found in such documents as the Formosa resolution—virtually conceded the power to declare war, which had become a meaningless function anyway. During the Eisenhower years, the slipping away of congressional power was partially hidden by the simple and abnormal fact that Congress was under strong Democratic control.

Political competition between the Johnson-Rayburn Congress and the Eisenhower White House made for zestful drama and gave Congress the illusion of power. Senator Johnson, now the Vice President, was the most skillful political showman in town.

For 2 years before the political conventions in 1960, the Senate was the seedbed of presidential ambitions. This added to the excitement of the place and made the Senate the most enthralling stage in town—but it did not conceal the fact that in his struggles with Congress, President Eisenhower was usually the winner.

In today's Senate, Kennedy is no longer there, while JOHNSON is in a less powerful position. Vice President Nixon, whose every ruling and tie-breaking vote oozed with political significance, has also departed.

Vanished and almost forgotten, too, are the great investigations of the McCarthy era when a single Member of the Senate had an almost life-or-death power over the careers of men downtown.

It has odd ramifications, this slow trickle of power from the Congress to the White House. As the sands of real power dribble away, the symbols of power take their place—like gleaming new office buildings.

One might think from the generous proportions of the new House Office Building that the membership were about to double or that the two old buildings were about to be demolished. But the membership is limited by law to 435. And the old buildings will remain.



The Senate built its own new office building 2 years ago, side by side with the old. Ninety-six Senators were housed in the handsome old structure. Now 100 will be housed in the old and new.

With the new buildings, and the new subways and the elegant new facade of the Capitol itself, have come the Cadillacs and the Lincoln Continentals, to carry the leaders and the assistant leaders and the other hierarchs on their appointed rounds.

If the erosion of congressional power continues, it may be only a question of time before a Cadillac becomes the standard perquisite for Senators—a small solace for diminished influence.

Very soon now the President is likely to get a brand new grant of jealously guarded power from Congress. This is the power to finance foreign aid over the next few years by borrowing from the Treasury instead of obtaining appropriations from Congress. This new authority will tilt the hourglass a bit more steeply toward 1600 Pennsylvania Avenue.

Perhaps the hourglass will some day start to tip back. Congress has slapped down the President on several occasions this year, voting down three of his reorganization requests and denying his appeal for new powers to control farm production. On Thursday, the Senate ignored the President and approved millions of unasked dollars for bombers.

But these rebuffs seem more like exceptions that prove the rule. The trend is the other way. It is hastened by the publicity engines of the executives, by the glamor of the White House, by the President's dominance in foreign and military policy, and by the marvels of modern communication.

The trend is the other way and to hear them talk, the men of Congress know it.

#### CONGRESS RUNS OUT

A report on the gradual drift of power away from Capitol Hill and toward the White House was reprinted on this page the other day.

By coincidence, a striking example of that trend appeared in a news story on the front page of the same edition. The example may, indeed, prove to be the most far-reaching erosion of congressional authority to take place in many years.

The issue revolves around President Kennedy's foreign aid program. The President asked Congress to grant authority for foreign aid spending over a 5-year period rather than on the year-to-year terms customary in the past.

This means that the foreign aid lending authority would be empowered to borrow money from the U.S. Treasury up to the limit authorized for the period by Congress. No longer would it have to appear before congressional committees each year to justify its past actions or to spread before the representatives and the public its plans for the future.

To Mr. Kennedy, this is flexibility. To us it is usurpation.

The Constitution gives to Congress and Congress alone the power to levy taxes. By authority of the Constitution, and with the overwhelming approval of the public, it has clung to this control of the Nation's purse strings.

At its worst, the new approach would enable the administration to make errors undetected by Congress over a 5-year period. At its best, it means that Congress has simply surrendered its constitutional authority to check the executive department annually.

That sturdy conservative, Senator BYRD, of Virginia, offered an amendment when the bill came before the Senate to restore the constitutional prerogative of the Congress. Forty-six Democrats and 10 Republicans,

caught in the blush and fever of the New Frontier, overwhelmed 16 Democrats and 23 Republicans to swell the flood of power in its sweep toward Pennsylvania Avenue.

Centralization of authority is both sad and dangerous. In pondering the matter, however, perhaps we should take back a word used above. For what is both sadder and more dangerous is that this is not so much usurpation of power by the executive as it is abandonment of responsibility by the legislative branch.

In the article reprinted here, Rowland Evans, Jr., of the New York Herald Tribune declared that the trend is "hastened by the publicity engines of the executives, by the glamour of the White House, by the President's dominance in foreign military policy, and by the marvels of modern communication."

Mr. Evans overlooked one factor. Power is not only attracted to the White House. Congress is increasingly willing, even anxious, to pass it to the White House—by the bucketfuls.

### Truth in Lending

#### EXTENSION OF REMARKS

OF

HON. WILLIAM FITTS RYAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. RYAN. Mr. Speaker, I would like to bring to the attention of the House a very well written essay by the Industrial Union Department of the AFL-CIO entitled "In Your Interest." This article explains the need for the truth-in-lending bill, sometimes referred to as the consumer-credit-labeling bill. The text of the statement follows:

#### IN YOUR INTEREST

A consumer buys a product on the installment plan. His purchase contract calls for monthly repayments to cover principal and carrying charges. The true interest rate isn't stated. Has the consumer the right to know?

State law permits a loan company to charge 3 or 3½ percent per month interest on the unpaid balance on a small loan. The true annual rate isn't indicated. Has the borrower the right to know?

Few Americans have any notion of the real cost of the money they borrow. The careful shopper who prides himself upon getting a bargain often dissipates far more than he saves by accepting extortionate installment terms. Unscrupulous merchants and lenders often go to extremes in making credit easy because of the rich interest crop to be harvested.

Senator PAUL DOUGLAS has long taken the position that the consumer is entitled to full disclosure legislation regarding costs of consumer credit. This year, the Senator and 21 of his colleagues have joined together in introducing S. 1740, the "truth in lending" bill. The Senators are of the view that there is a great public need for a bill requiring the seller or lender to state the true annual interest rate on consumer credit.

Senator DOUGLAS introduced a "consumer credit labeling" bill into the Senate last year. Hearings were completed on the bill, which was similar to this year's "truth in lending" bill. The hearings aroused considerable public interest and support as they revealed startling abuses of consumer credit.

#### EAGER BORROWERS

Americans are the world's most eager borrowers. Two out of three U.S. families are in

debt. About half make regular monthly installment payments each month before meeting other family needs. A third make regular monthly repayments on mortgages. Another quarter owe for personal loans, charge accounts, and similar credit. Many families carry more than one kind of debt. In family life as in American business and government, credit makes the mare go.

Personal debt in America has mounted to \$200 billion. Of this, about \$140 billion is mortgage debt, while installment debt accounts for another \$55 billion. About 13 cents out of every dollar of personal income goes for repayment of installment loans.

Mortgage credit has increased sixfold since World War II's end, while installment credit has increased eightfold. Today, the demand for such credit—and its supply—is among our most important economic indicators. During more prosperous moments, the business and Government economists worry lest installment debt be expanded too rapidly. During recessions, cheers go up every time consumer credit shows signs of expansion.

Almost every American family uses some form of consumer credit at some time during its existence, but it is used least among the very poor and the wealthy. Consumer credit is used with most frequency by those middle-income families with incomes of from \$4,000 to \$10,000 annually.

Installment buying has made possible the American standard of living. Home ownership would be far less widespread were it not for long-term mortgages with repayment stretched out for 20, 25, or 30 years. At least two-thirds of all automobiles and half of TV sets are bought on credit. The small downpayment with the regular monthly repayment have given the consumer a unique role in American life.

Consumer credit is of major importance to U.S. industry and its workers. Without it, the wheels of industry would soon grind to a jarring stop and millions would be thrown out of jobs.

Because it is so vital to all, consumer credit should be treated with respect. If the consumer loses faith because he is swindled, cheated, or fooled, the results will be catastrophic. A law to deter the serious abuses of consumer credit is worthy of widespread public support.

National concern with the size and cost of the Federal debt is fully understandable. On the other hand, it is difficult to understand the woeful complacency about the size and cost of consumer debt. The installment buyer is left entirely to his own devices although all of us will sink if he goes down.

Easy credit and the ruthless imposition of consumer debt upon the unwary have led to frightful abuse and sometimes to tragic consequence. Because of ignorance regarding the true costs of money, lives have been needlessly scarred or even wrecked. Unless excesses are halted, the entire American business community may be discredited.

If the real average price of personal and mortgage credit is 6 percent, consumers will pay out \$12 billion in interest each year. If the price is 8 percent, consumers will pay out \$16 billion—about half the Nation's annual education bill.

A 1-percent increase in interest rates is great enough to price hundreds of thousands of moderate-income families out of the housing market. On a \$13,500 mortgage, 1 percent represents a monthly payment of \$11.25 over a 25-year period. The homebuyer who fails to note the interest charge carefully may find that he has saddled himself with a burden beyond his ability to carry.

Mortgage interest rates generally are clearly stated. The consumer is usually able to tell what his annual interest rate will be. This has led to greater understanding and care in signing home purchase contracts.



## TRICKS OF THE TRADE

Installment credit and personal loans are an entirely different matter. These generally are of relatively short term—1, 2, or 3 years, or a period of months. Usually, interest is figured from a complex table and is stated in terms of a monthly rate. In some cases, a flat service charge of so many dollars per hundred is added on. Often, no provision is made for rebate when repayment is completed in advance of the stipulated term of the loan.

Sellers in the consumer credit market often advertise loan charges as "just pennies a week" or a "dollar a month for each \$50." To the unwary, the cost seems small. Actually, the interest charges continue at a "dollar a month for each \$50" over the life of the contract. The actual cost figures out to \$12 a year for each \$50, or a rate of 24 percent.

To confuse the more wary, the seller often seeks to set up repayment schedules of 7, 9, or 26 months, or some other such odd period. This makes it difficult for the buyer to compute the interest rate, especially when the salesman persists with a high pressure sales talk.

The low-income family has least understanding of the abuses of consumer credit. Unable to buy higher cost items for cash, these families often turn to unscrupulous merchants who pad high profits with still higher carrying charges.

Helen Hall, director of New York's famed Henry Street settlement, filed a statement during last year's hearings on the "Consumer Credit Labeling" bill. She related the case of a shipping clerk with take-home pay of \$68 a week.

The shipping clerk, his wife, and three children were radiant with happiness when they were able to move from a furnished room to a five-room apartment in a low-income city housing development. Faced with the need to furnish the apartment, they turned to a peddler who had always sold them everything they required from soap to shoes.

The peddler took the family to a furniture store where they were sold a bill of goods—\$1,800 worth of furniture on the installment plan. The peddler came to their apartment to collect the downpayment and then disappeared from the scene.

From then on, the family dealt with a finance company. Payments were \$60 a month. The family had no contract, only a sales slip from the furniture store.

After 2 months, the jerry-built furniture started to come apart. Complaints to the store were of no avail. Finally, in desperation, the family withheld payments, although money was set aside to meet them.

The finance company turned the case over to the city marshal's office. Following investigation, payments were reduced to \$28 per month, but the full debt remained to burden the family.

"Today, 3 years later," wrote Miss Hall, "Mr. Phillips is still paying off his furniture. The furniture is falling apart, but the company has made sure it will be paid because his wages have been garnished."

## WAGES GARNISHEED

The case of William Rodriguez, made news because it was climaxed by tragedy. Easy credit at high cost entrapped Rodriguez, who found his way out in suicide at age 23. Rodriguez supported a wife and four young children on a mail order clerk's pay of \$66 weekly. He owed \$700 in time payments.

Two reporters investigating the death of the young Puerto Rican found that a finance company had garnished his wages for \$80.20, an acceptance company for \$34.15, and a furniture store for \$167.

"I'm up to my neck in debt and can't go any further," Rodriguez wrote in his suicide note. Police found in the young father's

pocket a bill with a note warning that if he didn't pay up his employer would be notified.

A Washington Post and Times Herald reporter found in 1960 that easy credit at high prices is readily available to anyone with a job and a wage to be garnished. After the District of Columbia's easy credit mill was exposed, the capital's garnishment law was improved. Throughout the country, however, the courts in too many cases still serve as collection agencies for loan firms who justify their high interest charges on the ground of risk taking.

A prize-winning series of articles by Washington Star Reporter Miriam Ottenberg revealed finance charges on used cars as high as 30 percent, credit insurance costs double the normal and balloon payments of \$200 or more still due on an auto after the final payment was made. Miss Ottenberg reported that the courts have ruled that finance charges are not interest and do not come under Washington, D.C.'s usury laws.

Reporter Ottenberg described how buyers were enticed into used car lots by advertisements offering a used car for \$1,495, with only a dollar down. She reported that the customer would end up paying a total price of \$2,195. The additional \$700 covered loans from two finance companies to cover a down payment and a heavy insurance bill. The buyer affixing his signature to the complex contract proffered him was hooked.

The Ottenberg series revealed tie-ups between used car dealers and finance companies. Concealed in the fine print of purchase contracts were true interest charges of 20 percent, hidden insurance charges, and lump-sum payments due after regular installments were completed.

Thanks to the Ottenberg articles, Congress enacted reform legislation for the District of Columbia. The new law left much to be desired, although it was an improvement. Annual interest charges of from 16 percent on new cars to 32 percent on used cars over 4 years old are still legal.

## TRUE RATES

Throughout the Nation, the purchaser of a new or used car on installments is still very much at the mercy of the fine print. Used cars financed in the 26 States without rate regulation carry true interest charges up to 275 percent. In some of the 25 States with "regulation" true interest charges are as high as 43 percent.

The common true interest rate on small loans is actually 30 percent. Rates of 36 to 42 percent are permitted in many States. Legal maximums under present State law run from 24 to 48 percent. To the borrower, the rate is stated as 2, 3, 3½, or 4 percent per month on the unpaid balance.

Some consumer credit ads are viciously misleading. One placed before the Senate subcommittee proclaimed boldly that Florida law now permits a "new and better way to borrow." The ad stated in smaller type that there would be "no monthly interest charges" to borrowers. The key word was "monthly." Repayment, of course, was clearly on a monthly basis.

The more sophisticated and the better credit risk usually turns to banks for loans. Even these borrowers are woefully ignorant of the true cost of money. Professional and businessmen who borrow for personal needs or who buy on credit are among the ill-informed.

Ten thousand commercial banks underwrite or directly finance \$15 billion in consumer credit. These banks usually advertise loans at a stipulated annual rate, although an increasing number advertise a monthly interest charge. True interest costs are usually far higher than advertised rates.

The borrower of \$1,000 repayable over 1 year in regular installments may think that he is paying only 6 percent on his bank

loan. But the borrower actually has the use of \$500 on the "average" over the year. His true interest rate is 12 percent.

The common rate for personal loans at a bank is 12 percent. The legal permissible maximum under State law runs from 12 to 42 percent. Maximum rates for credit unions is 12 percent by law.

Richard L. D. Morse, professor of family finance at the Kansas State University, last year presented to the Senate subcommittee a survey showing responses of lending firms to a survey on interest rates. Each lender was requested to ask what the monthly payment would be on a \$200 loan to purchase a \$300 used car, to be repaid in 12 monthly installments. Each was also asked to state the annual interest rate on the loan.

Five lenders said the monthly repayment would be \$18.67. The same lenders reported four different annual interest rates for the same amount of repayment: 12 percent, 9 percent, 6 percent, 8 percent, and again, 12 percent.

Four other lenders reported a monthly payment of \$18.33. Each of the four stipulated a different interest rate on the identical repayment: 7.5 percent, 10 percent, 13 percent, and 9 percent.

The true annual interest rate with a repayment of \$18.67 is about 22 percent. The true annual rate with a repayment of \$18.33 is approximately 18 percent.

These were chartered lending concerns, supposedly experts in their fields. None was a fly-by-night firm. Each had years of experience in consumer finance.

Chairman William McChesney Martin of the Federal Reserve Board has confessed that he is confused by the vagaries of consumer finance. Dr. Theodore O. Yntema, Ford Motors vice president in charge of finance, has stated that the "variety and complexity of finance and insurance arrangements and the charges for them are such as almost to defy comprehension."

"It is impossible," the Ford official added, "for the average buyer to appraise the rates for the finance and insurance services offered, as compared with alternatives elsewhere."

## TRUTH BILL

The "truth in lending" bill would require full disclosure of charges to the consumer. It would in no way interfere with the buyer-seller relationship, nor is it an attempt to regulate the terms of installment buying. The bill is an attempt to prevent the abuse of consumer credit so that it may remain a bulwark of the U.S. living standard and a useful and legitimate tool of commerce.

The measure would require the following information to be disclosed:

The cash price, or, in the case of installment credit, the delivered price of the article or service to be performed;

The amount to be credited as a downpayment and/or trade-in allowance when the purchase is to be financed through consumer credit;

The difference between the two amounts: the actual amount of the purchase price being financed;

A listing of all charges in connection with the transaction not directly resulting from extension of credit. In the case of an automobile, this would include a listing of all insurance charges;

The total amount of cost to be financed;

The finance charge expressed in dollars and cents. This would include all interest, service charges, discounts, and other charges incident to extension of credit;

The finance costs expressed as a simple annual interest rate on the outstanding unpaid balance or obligation due.

The bill would require the seller or lender to give the consumer the basic information he requires to make an intelligent decision. It would give the consumer an intelligent



yardstick that he could use in shopping around to compare actual prices and the costs of credit.

Mutual savings banks, the Federal Reserve Board, the Federal Trade Commission, the Home and Housing Agency, savings and loan associations, the AFL-CIO, and the Department of Health, Education, and Welfare have recorded themselves in favor of the bill.

Opposition has come chiefly from small loan associations, the U.S. Chamber of Commerce, retail stores, and easy credit merchants of various kinds. Each of these has stated that business has nothing to hide. Each, however, is vigorous in its desire to continue the present camouflage.

The opposition argues that a Federal law represents intrusion into States rights. The truth is that State law has permitted sad abuse and that few States have shown any desire to correct present ills. Further, the bill is well within the jurisdiction of the Federal Government under the Constitution's money clauses.

The usual arguments regarding the creation of a vast Federal bureaucracy to enforce the law have also been raised. The same argument was raised when the Automobile Information Disclosure Act was passed in 1958. With passage of this law, the pack has disappeared from auto retailing. Consumers now know what is on the car and what the manufacturers' list price is for each item. The law has helped the consumer, has helped to restore true competition, and has brought a measure of truth and sanity into auto advertising. No great Federal bureaucracy has sprung up to plague the auto industry.

The argument has also been raised that it will take an expert to compute the true interest rate, and that the ordinary salesman cannot do so. This argument was effectively answered by Earl B. Schwulst, president of the famous Bowery Savings Bank of New York.

"They have tables. You can figure [the true interest rate] out to the dollar. They have tables to figure that very easily," Mr. Schwulst said.

"I recognize," added the banker, "the importance of consumer credit and I know that if we didn't have consumer credit and installment credit the economy would probably not have grown and expanded as it has, and I would never say that this credit per se is a bad thing. I know that many people would be unable to enjoy many of the blessings of good living if they were not able to borrow or purchase on credit. And this bill does not say that consumer credit and installment credit are bad."

There are many good reasons for a full disclosure law in the field of consumer credit. Not the least of these is the improvement of business ethics. But, the marketplace aside, life in latter-day 20th century America demands that the consumer be entitled to know the truth about credit and its costs to him.

America has boasted across the world of her free enterprise system. But no enterprise system is truly free if it is based upon withholding the truth from the average citizen. A free society demands that the consumer be given the facts by which to make an intelligent choice, whether he takes advantage of that knowledge or not.

A free enterprise system should be one of fair competition. Unless the consumer has a yardstick by which to measure the costs of credit, there will be little fair competition. Unless our economy is competitive, the Government ultimately will be forced to regulate prices and profits. The "truth in lending" bill would help the business community by protecting it from the unscrupulous dealer and lender. The merchant or lender who is honest and aboveboard has nothing to hide.

Economic stabilization demands information regarding the costs of credit. Unchecked personal credit expansion can lead to large-scale defaulting on debt. The result can be crash and disaster. By the same token, too great an expansion in any one period can lead to excessive contraction in the period following as people repay debt. This creates recession and unemployment and is in nobody's interest over the longer run.

Today, America faces grave danger from the abuses of consumer credit. Even teenagers are being urged to open up revolving credit accounts, complete with service charges.

As Senator DOUGLAS has said, the very least we can do is require the contents of the teenage credit package to be labeled accurately. The same would hold true for the parents who are also susceptible to the credit habit.

Some have argued that the demand for credit is inelastic and self-regulating, that the price of credit has little to do with demand. If this is true, supply and demand have indeed become meaningless in our world.

The argument in any case has little validity as a reason for not providing full information to consumers. If the truth is made known to those who buy on time, greater elasticity together with greater economic stability may result in our economy.

### U.S. Airlines Finding Deadly Competition

#### EXTENSION OF REMARKS

OF

#### HON. T. A. THOMPSON

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. THOMPSON of Louisiana. Mr. Speaker, much has been said and written of late about the financial fix in which our commercial airlines, both domestic and international, find themselves. At home, we are finding that there is altogether too much competition between domestic airlines, with the result that, unless the CAB speeds up obvious mergers, the weak must fall by the wayside.

Likewise, the international field presents a similar problem. Our U.S.-flag carriers are privately owned by American stockholders and nonsubsidized. Their foreign competitors are, for the most part, owned by their governments and heavily subsidized. It stands to reason that this is a most inequitable arrangement.

The problems these carriers of ours are facing, Mr. Speaker, were very intelligently spelled out in a recent editorial in the Times-Picayune, of New Orleans. I commend this editorial, which follows, to the reading of the membership of this body:

#### U.S. AIRLINES FINDING DEADLY COMPETITION

Around the airports the commercial flying business looks brisk enough, but in the balance sheet the figures are mostly red. The contradiction is easily explained. Passenger traffic and operating revenues have continued this year at around the all-time records set in 1960. But the entry of the large luxury jets has meant also excess seating capacity, steeply higher expenses, and multimillion-dollar interest-bearing debts incurred

to pay for the costly equipment. The net of this is some \$20 million of domestic airline losses for the first half of this year.

Among the largest losers are the oversea carriers, which additionally feel the wounds of hot competition from foreign carriers, subsidized directly or indirectly by their home governments. That, presumably, accounts for the vigor of the demands made by the American-flag airlines upon the Civil Aeronautics Board to call to account immediately foreign carriers which are charged with cheating on rules and violating the intergovernmental agreements. CAB is the overseeing agency (in the United States) and may review carrier situations as the public interest requires.

Being private enterprise, American-flag airlines must pay their own way. The foreign carriers, either Government-owned or aided with one kind of subsidy or another, usually escape some of the concern with immediate earnings, debt interest and dividends, and the inherent advantages these carriers enjoy can be multiplied by ignoring the rules.

American carriers say formally the Royal Dutch and the Scandinavian lines have hogged much of the traffic between the United States and their countries by employing unfair and prohibited passenger promotion tactics. According to a Pan-American World Airlines charge, these competitors have increased flying frequencies far beyond that warranted by the traffic between the areas served and by going after third country passengers in excess of the number permitted as fill-ups; all this in violation of the intergovernmental agreements.

The Dutch and Scandinavian lines have been carrying four-fifths or more of the United States-Dutch-Scandinavian passengers, leaving Pan-American only a minor share of the business. A new worry for the U.S. lines is the United States-Soviet agreement, now in negotiation, for air flights between the two countries. There should be direct service, of course. However, Aeroflot, the Russian carrier, is completely a Government operation. Moscow may at times be more interested in monopolizing the passenger traffic than in making the service pay for itself.

Paying their crews two or three times as much as foreign lines do, American-flag carriers are in a difficult competitive position. It is a position that becomes intolerable if the foreigners are permitted to ignore regulations in their drives to capture the business. Unless there is a reasonable sharing of passengers, the American-flag lines will probably have to seek Federal subsidies or drop their transatlantic business. We'll see what CAB can do, if anything.

### The Arab Blacklist

#### EXTENSION OF REMARKS

OF

#### HON. ALFRED E. SANTANGELO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1961

Mr. SANTANGELO. Mr. Speaker, we are presently considering the mutual security bill providing for loans and grants to friendly countries to improve their economy, to fortify their resistance against communism and to encourage them to pursue a democratic form of government. In doing so, we should not neglect our friends and aid those who practice discrimination to hurt our



friends. The secret documents indicate that we are aiding Lebanon, the United Arab Republics, and the Arab countries. There is no doubt that the practices of the Arab countries have insulted our citizens of Jewish faith who wear the American uniform and who wear civilian clothes. The practice of the Arab countries against Israel and Jews is so well known that in the July issue of *Fortune* magazine the startling disclosures as to the extent of the Arab practices were set forth. The article follows:

#### THE PRAYED ARAB NOOSE

A growing number of U.S. businessmen are getting caught in the crossfire of the 13-year-old war between Israel and the Arab world. The military front is quiet, but the Arab States are persisting in their attempt to cripple Israel by economic blockade. The Arabs not only refuse to trade with Israel, but they also threaten economic sanctions against any outsider who does business with the young nation. Any U.S. firm dealing with the Israelis is in danger of being placed on an Arab blacklist and thus cut off from Arab markets.

A number of U.S. companies, including Shell Oil and Socony Mobil, have closed up their operations in Israel. But many defied the blockade—among them, Emerson Radio, General Tire & Rubber, Dow Chemical, Fairbanks Whitney, and Merritt-Chapman & Scott. These companies have been restricted in one degree or another in their dealings with many of the Arab nations, especially the United Arab Republic, Saudi Arabia, Lebanon, Jordan, and Iraq.

The Arabs now blacklist over 300 firms from all over the world, more than twice as many as 4 years ago. The number of U.S. firms on the list has risen from about 20 in 1957 to nearly four times that. The lengthening blacklist is actually an indication that the boycott is nothing like the tightening noose around Israel that Arab propagandists claim it to be. In fact, the Israel economy is steadily improving, despite Arab efforts to strangle it.

In the early days the blockade was unquestionably serious and expensive for Israel, for it deprived the country of normal sources of oil, ships, and food. Prior to 1956 and the Sinal campaign, Israel lived from ship to mouth. Deprived of access to Middle Eastern oil, the Israelis hauled crude from such distant sources as Venezuela, and paid a premium of as high as 30 percent for it. A \$45 million exploration and development program brought in enough Israel oil to supply a tenth of its own needs. Finally, the Sinal campaign opened up the Red Sea port of Eilat, two pipelines were constructed from there to Haifa, and Israel now buys Persian Gulf crude at regular prices.

The boycott on shipping forced Israel to build up rapidly its own merchant fleet from 22,000 tons in 1948 to 475,000 tons (1965 goal: 750,000 tons). Similarly, Israel was compelled to develop agricultural crops that it possibly would not have considered if it had been free to trade with its neighbors. One example is cotton, a crop that was first sown in 1953. Today Israel grows 11,000 tons of good-quality fiber a year, enough for its own needs.

Despite the boycott, Israel's economy has thrived. Last year each sector of the economy set new records. But a chief problem continues to be an unfavorable balance of trade. In 1960, Israeli imports of goods and services amounted to \$658 million, exports to only \$350 million. The resulting gap is now bridged by U.S. aid, Jewish philanthropy, and German reparations and restitution payments. As these diminish, Israel must produce more for itself and for export.

The key to increased Israeli development is foreign capital investment. In 1960 alone, the government approved 440 new foreign

investments. And Israeli authorities estimate that more than 210 U.S. companies and businessmen now have stakes in Israeli industry, with a total value of \$150 million. But with still more needed, the government last year launched a program to attract \$500 million in new foreign capital.

Here is where the Arab blockade could hurt badly—if it were effective. But significantly, more and more firms are willing to take the chance of investing in Israel. In 1960 a number of U.S. companies began operations in the country: Sheraton opened a 200-room hotel in Tel Aviv; Helene Rubinstein started construction of a cosmetics plant; and Miles Laboratories became the first major foreign investor in the pharmaceutical industry when it announced plans to build a \$1,700,000 citric-acid plant in Haifa.

The growing willingness of U.S. and European investors to ignore Arab threats is, of course, due in part to sympathy with the Israeli cause. However, this factor is of less importance than the Arabs would have the world believe. The fact is that Israel offers economic opportunities which make it worth while for many types of investors to ignore Arab threats. (Israel's per capita GNP—\$1,050—is 13 times greater than Egypt's.) Indicative of the changed outlook is the attitude of R.A. Hutchinson, a vice president of Studebaker-Packard, which opened an assembly line in Haifa in 1960. Said Hutchinson, "We deal with all the Arab States. But if they choose to stop their purchases following our agreement here, that's their affair, not ours."

Moreover, the capricious manner in which the boycott is applied invites defiance. It is not a crime under the blockade regulations simply to sell goods to Israel, but it is considered "illegal" to invest in Israel, to set up offices there, or to enter licensing and technical agreements with Israeli firms. But some U.S. companies, such as Bulova Watch, which do nothing more than sell their products to Israel, have found themselves summarily placed on the blacklist.

Faced with such arbitrariness, formerly hesitant investors have apparently decided that they might as well be hung for sheep as for lambs. Furthermore, the chances are good that the hanging will never come off anyway. A great many U.S. investors active in Israel have not been placed on the blacklist; some have been put on the list and then removed for no apparent reason. As a spokesman for a U.S. electronics firm that has been dealing with Arabs and Israelis alike put it, "The Arabs are a fairly pragmatic group." A number of companies have ignored Arab threats, continued dealing with Israel, and then discovered that they still hadn't lost their Arab customers. Fairbanks, Morse was blacklisted last year after it went into partnership with the Israeli Government in order to develop a revolutionary plant to remove salt from water. Despite this, it has had inquiries about the machinery from Arab governments.

and which I think is doing a great deal to develop our youths' interest in and knowledge of our Government and its operation. I am pleased, also, to commend a young man from Louisiana who has actively participated in this program.

The American Legion has a fine program which it has been supporting for many years, called Boys' Nation program. Under this program, the boys from the 50 States in the Union learn the art of local government, government at a State level, and finally Government at a national level. It involves a study of different levels of our government, terminating with a 10-day study of the Federal Government in action.

Recently, a young man from my congressional district, John T. Cox, Jr., of Springhill, La., has won the highest award under this American Legion sponsored program. It is called the Boys' Nation Award. John was first elected president pro tempore of the senate in the Pelican State program at Baton Rouge, La. He was then elected as federalist senator, and president pro tempore, the highest honor ever won by a Louisiana delegate in Boys' Nation.

It was my pleasure to have had John Cox, Jr., in my office and to have talked to him at length. It was also my privilege to take him to lunch and to show him around the Capitol in Washington during his short stay here as a member of Boys' Nation. I was impressed with his interest in all Government affairs and especially his interest in current events that are transpiring from day to day and that affect the entire future of this country.

John is the son of Mr. and Mrs. John T. Cox, Sr., of Springhill, La.

Mr. Speaker, the American Legion does many fine things. Pelican Boys' State program is one of the finest comprehensive programs in the Pelican State from which I come. Thousands of boys train and work and compete for the privilege of representing the Legion in the Pelican State program, and they know that if they make good on a State level, they will come to the national level as a member of Boys' Nation. I hope this program will continue to grow and expand and young men like John Cox, Jr., will continue to participate in it. Our Nation, going through a series of crises as it is, needs trained leadership which young people with enthusiasm and new ideas can offer.

#### Boys' Nation Award

#### EXTENSION OF REMARKS

OF

#### HON. OVERTON BROOKS

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 19, 1961

Mr. BROOKS of Louisiana. Mr. Speaker, under leave to extend my remarks, I wish to call to your attention an excellent program, which I believe is of general interest to our membership

#### Repealing Sections 1176 and 1177 of the Revised Statutes of the United States Relating to the District of Columbia

#### SPEECH

OF

#### HON. JOHN DOWDY

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 14, 1961

Mr. MATHIAS. Mr. Speaker, will the gentleman yield?



Mr. DOWDY. I yield to the gentleman from Maryland.

Mr. MATHIAS. Mr. Speaker, I would like to inquire of the gentleman from Texas whether or not if this bill, as it is amended will leave with the District Commissioners powers to regulate commercial practices, notwithstanding the repeal of sections 1176 and 1177.

Mr. DOWDY. As I understand the matter, the District Commissioners will have the same licensing privileges in these matters as they do in all others.

Mr. MATHIAS. Mr. Speaker, I have discussed the question with Mr. Tobriner and he assures me that he feels they would have the power to regulate commercial practices and that the passage of this bill was in order and very much desired by the Commissioners.

Mr. DOWDY. That is true. The Commissioners have asked for it, and I believe it is a good bill.

### Harriet Pullen, Notable Alaska Pioneer

#### EXTENSION OF REMARKS

OF

### HON. ERNEST GRUENING

OF ALASKA

IN THE SENATE OF THE UNITED STATES

Tuesday, August 15, 1961

Mr. GRUENING. Mr. President, an excellent article, in the Reader's Digest series entitled "The Most Unforgettable Character I've Met," concerning perhaps the outstanding woman pioneer of Alaska's gold rush days, appears in the August issue of that magazine. It concerns Harriet Pullen, one of the brave and noble characters of that memorable frontier episode. It is written by Herb Hilscher, who, as a child, came north to Skagway with his parents, and thus early was nurtured on the adventure of that pioneering exploit, and has since written well on the old Alaska and the new.

I first met Harriet Pullen in the mid-thirties, when her fame in the Far North was well established. Herb Hilscher's literary portrait of her not only accords her full justice, but well re-creates the atmosphere of those romantic days when the finding of gold in the Klondike brought long-forgotten Alaska to the attention of millions of Americans.

I ask unanimous consent that Herb Hilscher's article be printed in the Appendix of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### THE MOST UNFORGETTABLE CHARACTER I'VE MET

(By Herb Hilscher)

In 1906 we Hilschers—my parents, my brother and I—debarked at Skagway, tumultuous gateway to Alaska. Its mud streets were churned by horses; wood sidewalks clattered with the tread of boots. Too young to appreciate the adventure, I was thankful to snuggle in the lap of the deep-bosomed, redheaded woman who had welcomed us into her big house. Which is how, age four, I fell under the spell of Ma Pullen, heart and soul of that remarkable hostelry, Pullen House.

"Hey, Herbie, come on outside with me," my older brother called.

I shrank even smaller. "Never mind, sonny," said Mrs. Pullen, who understood little boys. "Have some oyster crackers."

As my parents and Ma Pullen talked, I nourished my confidence with oyster crackers. I fancied they must be some Eskimo delicacy. But soon I was trotting after 13-year-old Dan Pullen, oldest of Ma's own brood, gawking at the gold-rush curious that over-flowed the sun porch, and deciding that Alaska wasn't so different from home. With her Haviland china, running water in every room and an unerring instinct for the appropriate nicety—like crackers for a frightened four-year-old—Ma had made Pullen House an oasis in the raw frontier.

We stayed a week. My father, who had a chronic case of Klondike fever, suffered from it long after the gold paid out. His scheme was to barge a load of cattle down the Yukon River to Circle, drive them overland to Fairbanks and settle there. He beamed as Mrs. Pullen extolled this marvelous idea. At last the arrangements were made and we set off.

In 30 days we were back, lucky to be alive. A fierce wind had run our scow aground, pounded it to pieces and, though Dad managed to haul his two small boys and wife from the wild Yukon, he lost just about everything else he owned. At Pullen House, Mother went from one sobbing fit to the next. Ma Pullen, imperturbable in crisis, merely shifted her ground. "I told you so, John Hilscher," she lectured with a straight face. "The idea of giving a woman such a fright."

Whereupon she whipped out of her massive cash register enough money for three steamer passages and, as Father struck north to recoup his loss, my mother, my brother and I sailed gratefully back to Seattle.

Not until years later, when I heard about Ma's own first days in Alaska, did I realize the unshakable strength behind her inconsistency. She had arrived in that incredible year, 1897. Why? "They told me there was a gold rush on and everybody would be rich."

The widow of a Washington State rancher, she had to provide for four small children. And so, \$7 in her purse, her youngsters in the temporary care of friends back in Washington, Harriet Smith Pullen stood alone on the Skagway beach on a rainy September afternoon. She was 36, a tall, handsome figure of a woman, red hair massed atop her head—and absolutely incongruous in the milling horde of ruffians, scoundrels, black sheep and lost sheep who had answered the cry "Gold."

Mercifully, a man came up and asked Mrs. Pullen if she could cook. He was building the Moore Wharf and had lost his kitchen hand to the gold fields. "Pay's \$3 a day, grub's in the tent. There'll be 18 for supper."

The tent was pitched so low she had to work stooping over. The "grub" consisted of maggoty potatoes and a side of ham aswarm with black flies. As a final insult, the departing cook had left a towering heap of rancid kettles and pots. Briefly Ma considered turning back. "But, I thought, back to what? I could build as good a new life for my children in Skagway as anywhere. It was up to me." She treated herself to a 5-minute cry, found an apron and prepared supper.

Much later that night, in the jumble of tents and shacks along the muddy rut that was the town's sole street—they called it Broadway—Ma found an unoccupied cabin. She huddled on a bed of straw and listened to the raucous merrymaking from four nearby saloons. Every gust of wind sounded like a stealthy hand on her door. It was a long time before she fell into a troubled sleep, and when the sun woke her she was still clenching in her fist a stout chair leg.

She had survived. But \$3 a day would never fetch her children. There was a way

for a woman to make money in Skagway that year—one enterprising lass auctioned herself off for \$5,000—but it was hardly Harriet Pullen's way. Unexpectedly, one of her lumberjack boarders provided an answer: "I'm going over the pass tomorrow, Miz Pullen, and I'd sure admire to buy a couple of your pies for the trip."

That night, after she'd scoured the last of the dishes with ashes (soap cost a dollar a bar) Ma hammered some tin cans into pie pans, baked six dried-apple pies and, in the morning, sold them for a dollar each. Soon she was making apple pies by the dozen; later, as their fame spread from White Pass to the Chilkoot and back to neighboring Dyea, by the hundreds. And before Christmas she was hugging her children to her in the tiny cabin.

"They thought I was a wonderful mother and had given them a straw bed because it was fun. I looked at those sleeping little redheads and thanked God for His generosity."

Boomtown-style, prices soared—\$2 for a meal of bread, beans and coffee, \$50 for a bolt of cloth. Still Skagway grew, thronged by a never-ending stream of newcomers and swollen by the hundreds who had failed to get over White Pass. They called it Heartbreak Trail, this slot in the gaunt mountains that walled the Yukon from the sea. It was only 45 miles from Skagway to the head of river transportation, but men aflame with dreams of gold and glory were flung back by the howling winds and tortured switchbacks of the mountain trail. "If only I'd had a horse," they moaned.

Ma Pullen listened, looked at the tons of provisions dumped on the beach, rotting, and thought of the seven horses she still owned back in Washington. By spring she had enough money to send for them. "Then," she told me with that marvelous poker face, "I quit cooking and began running a pack train to White Pass."

They said Ma was crazy when she loaded up for her first trip. "Seems so," she allowed, and cracked her long whip. She carried supplies in a four-horse wagon to the foot of the pass. Then, transferring gear to her horses' backs, she led them as far as the summit. There she turned over her load to a grateful sourdough. Back before nightfall and \$25 richer, she was ready to roll again by 4:30 the next morning.

Heartbreak Trail brought out the worst in men. Once Ma came upon a half-maddened sourdough whose horse had wedged a leg between two rocks. "Come on, blast you," he was shouting as he tore at the broken ankle and the horse shuddered with pain.

Ma protested, "That animal is in misery," but the sourdough snarled, "Mind your business."

She did. Fetching her revolver, she dispatched the suffering beast with a single shot. When the infuriated sourdough turned on her, she leveled the gun at his head. "You look like you're in a misery of sorts, too," she said quietly. The argument was over.

Soon, however, civilization began crowding out the stampede. By 1900, when the railroad over White Pass was built, Skagway's wild spree was over. For Ma Pullen, it was time for another shrewd look around. The town remained a tourist lure and the Klondike's chief port of entry and, as once she'd risen to its need for pies and pack horses, she new plunked her savings down on a big house just off Broadway and ordered a huge sign painted. "Pullen House," it said, and for the next half century it marked Alaska's most astonishing hotel.

Illustrious names signed the guest book: Robert Service, Jack London, President Harding, Herbert Hoover. But for every celebrity who broke bread at Ma's table and moved on, there remain hundreds of other men and women whose lives, in some important way,



were shaped by Harriet Pullen, and who then went on to shape Alaska.

Elmer Rasmuson, today president of the National Bank of Alaska, grew up in Skagway and, with the other local lads, spent uncounted hours fishing the fine trout stream just behind Pullen House. Each boy brought Ma his string. "She couldn't use all those fish," Rasmuson recalls, "but she'd take every one, hand over a sugar doughnut or a fat slice of hot bread bathed in butter and, dead serious, say, 'A day's pay for a day's work, that's my motto.'"

Robert Sheldon, former member of the Alaska Legislature, remembers Ma as "a one-woman Salvation Army who mothered everything that came her way." Sheldon came to Skagway in the days when it was still easy to forget this was part of the civilized world. Ma reminded him. "I spent 5 years at Pullen House and it was always, 'Mind your language, Bobby,' and 'Please don't stuff all that pie in your mouth at once,' until finally I could pass for a human being."

My father never did strike it rich in Alaska, but the brief taste of the north country had hooked me. In time I signed up as a ship's radio operator on the Seattle-to-Skagway run. Whenever I saw Ma, her greeting was always the same: "Why, it's my oyster-cracker boy. Tell me, what's new?"

On one of my visits we spoke of Ma's own children, of Dan—who had been the first Alaskan appointed to West Point, an All-American tackle, and a hero in World War I before he died suddenly in his thirties—and of the others, all off on their own now. I asked if she wouldn't prefer to have one of them back with her. "That doesn't matter, what I prefer," she said softly. "They must have a chance to build their own lives, just as I did. I only hope they have as much fun."

By this time Ma was famous all over the Northwest, as much of a tourist attraction as White Pass. Down to the wharf she'd ride to meet the weekly steamer, erect and smiling, her ample figure pulled into a Lillian Russell hourglass by one of her special Spirella corsets.

"There's Ma Pullen," a passenger would shout, and they'd rush for the rail. She never disappointed them. All the way back to Pullen House she peppered her guests with vivid anecdotes out of Skagway's past, for Ma had become unofficial custodian of the memoirs of the great gold rush.

Ma's meals were prodigious. And her museum now filled the sun porch and two rooms besides with goldrush relics and memorabilia, as complete a record of a fascinating era as could be found in Alaska. It included gaming tables, Indian craft and, it seemed to skeptics, practically anything the townsfolk wanted to get rid of. "Maybe it is junk," Ma said (it was not), "but it used to be theirs, and now they're paying 50 cents a head to look at it."

Nor was Ma above doing a little promotion. When one of the town's saloons closed, she ostentatiously bid on the singularly lifelike painting of a nude that had hung behind the bar. There was considerable tongue clucking in Skagway—and an upsurge in museum patronage. But no one ever again saw the famous nude: it had done its work and undoubtedly had been tucked away in the cellar.

But neither her stories nor her food nor her museum was the essence of Harriet Pullen. Rather it was the great goodhearted warmth of her, and that unquenchable spirit, symbolizing Alaska to all the thousands who passed her way. Ma, for instance, knew that I had a hankering to be a writer. For years she'd corner me on each visit and say in all innocence, "You know, someone's going to have to write a book about Alaska

one of these days and tell the world what it's really like."

I got the message. But it was not until after World War II that I finally began working on the project. "Oh, what a wonderful idea," she exclaimed when I told her. "How clever of you to think of it."

I planned to take a copy of the book to Ma, and inscribe it right there in Pullen House with a few words about how she had shaped my feeling for Alaska. But one summer morning in 1947, before I had finished correcting proofs, she fell and broke her hip. In the hospital she developed pneumonia, and just 4 days shy of her 87th birthday, Harriet Pullen was dead.

As Ma had insisted, they blasted a grave out of the sloping rock behind Pullen House and laid her to rest. The hotel still stands there, deserted. And if anybody ever suggests tearing it down and building something useful on the site, you will hear the loudest yowl out of Alaska since Siwash George Carmack panned those first nuggets out of the Klondike. It will be the protest from Ma's boys—all of us.

### The Barbarian

#### EXTENSION OF REMARKS OF

#### HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. ALGER. Mr. Speaker, the following editorial from the Chicago Daily Tribune shows clearly how fruitless it is to believe that we can negotiate successfully with Khrushchev. He has stated clearly enough on every possible occasion that his goal is to rule the world. Even beyond the stated objective of the Communists to impose their system on all men, Khrushchev is now following the pattern of all would-be dictators who seek control of the world through personal ambition. Because he has no sense of decency, no moral qualifications which rule the minds of other men, he has no sense of honor which would bind him to any agreements he makes. Negotiation with such a ruthless barbarian is fruitless and can lead only to disaster for the free world. There is only one language he understands, the language any bully understands, strength and a determination to put an end to his bullying tactics. Once he understands clearly that we will fight for the freedom of Berlin, or any other area he threatens to enslave, and when he understands that we will fight with every weapon in our possession and will direct our attack toward his sacred homeland, then and then only, will he be deterred. Our present course of allowing him to make steady inroads into free lands must eventually lead to total disaster.

The article follows:

#### THE BARBARIAN

The foulness of Khrushchev's tongue is only matched by the foulness of his soul and of the doctrine of enslavement he seeks to advance. He goes from excess to excess in his vile threats, and so it is impossible to say that in any particular utterance he has succeeded in outdoing himself.

But, in the leprous apocalypse which he pictured at a friendship rally the other day, when he stood figuratively amid the ruins of the Acropolis, blasted by his bombs, he showed a limitless capacity for evil which no Attila or even Hitler could equal.

For this man, by his own testimony, would see civilization reduced to rubble if anyone refuses to let him have his way.

"Hundreds of millions of persons will die" if he has to enforce his will by nuclear war. What would be spared? "Nothing. Bombs do not choose." He would allow no "open cities," such as spared Rome and Paris and Manila in World War II.

And all of these horrors are advanced as evidences of his own sanity. Bring such catastrophe upon the world for the sake of the freedom of 2,200,000 persons in West Berlin? It is a fairy tale that the West would fight. "What man of common sense can believe such nonsense?"

And why, then, pose such a dreadful dilemma to humankind? Because the prestige of the Soviet Union requires that he do so. At stake is not a peace treaty to force recognition of the detested Communist Government of East Germany, or to seal off West Berlin and its people behind the Iron Curtain, but the question of our fight for the recognition of our grandeur.

A grandeur that would be expressed in a hole where stood the Louvre, in the dust of the Parthenon, and the temple of Athene Nike, in the blasted wreck of the British museum, the dismembered stones of the Colosseum and the Pantheon, the rubble of the Pitti and Uffizi palaces. "Look on my works, ye mighty, and despair."

Khrushchev, like many a tyrant before him, works on the blackmail of terror. He has a purpose. It is not only to scare off all opposition, but to break the Western alliance on the rock of ruthlessness.

To Sir Frank Roberts, the British Ambassador in Moscow, he prophesied 200 million deaths if the West stood up to him. Twenty Russian nuclear bombs—10 on Britain, 10 on France—would wipe these countries off the map.

To Premier Fanfani of Italy he pleasantly remarked, "Technicians make me laugh when they argue over the question of whether five or maybe six rockets armed with nuclear warheads might be needed to demolish Great Britain. We have at least 12 already pointed at that target."

Then, as he tells it, he asked Fanfani where the North Atlantic Treaty organization rocket bases were located in Italy, and, informed that they were in orange orchards, said wolfishly that he would not hesitate to send rockets raining on the orange orchards of Italy.

When the ambassador of Greece said he did not believe Khrushchev would ever give orders to drop rockets on the Acropolis, Khrushchev relates that he replied: "I would not like to disappoint you, but you are deeply mistaken. I will not hesitate to give orders to my military people to crush military bases of the North Atlantic bloc located in Greece. And they would not, of course, have any mercy on the olive groves or on the Acropolis because bombs do not differentiate."

So, to our friends: Get out of NATO. To both them and us: Get out of Berlin. And if the terror works there, what next? West Germany, western Europe, Britain, the United States, the world. The human race would be backed off the globe and a barbarian would preside as the terrestrial god. Those who would "rather be Red than dead" could then have the opportunity of judging which was the better fate.



**Oneonta Little League Baseball Team Displays Outstanding Ability and Sportsmanship in New York State Finals**

**EXTENSION OF REMARKS  
OF**

**HON. SAMUEL S. STRATTON**

**OF NEW YORK  
IN THE HOUSE OF REPRESENTATIVES  
Tuesday, August 15, 1961**

Mr. STRATTON. Mr. Speaker, as the Representative in Congress from the 32d District of New York I find myself in the enviable position of representing two separate New York cities whose Little League baseball teams were locked in a tight clash last weekend to determine the New York State champions in the Little League, with the honor and distinction of representing the Empire State at the 1961 Little League world's series in Williamsport, Pa., next week. These cities were Oneonta and Schenectady. Both are great cities. Both fielded great Little League teams. Both of them unfortunately, could not win.

As it turned out the Schenectady team, representing my home city, won this game, a real cliff-hanger, by the score of 1 to 0.

But while Schenectady won the game and the New York State pennant, the Oneonta team demonstrated great ability, magnificent sportsmanship, and covered themselves with glory. They have everything to be proud of and I am glad to salute them. They have brought great credit on their city, their coaches, their parents, and all who have made the Oneonta Little League system possible.

Under leave to extend my remarks, I include the following editorial from the Oneonta Star of August 14, 1961, expressing their tribute to the Oneonta Little League team:

**ALL SUPERPROUD OF LITTLE LEAGUERS**

The weekend is over and with it the fabulous dreams of baseball grandeur that couldn't help but pop up in Little League minds—and in many an adult's.

The Oneonta kids breezed exactly halfway through the playoff games that could have led to a world championship before they ran into a team that could stifle the hefty local bats.

It is not easy to accept defeat with a shrug, but if ever a team had a right, if not the inclination to do it, it is this gang of kids who have grown up to baseball excellence among us.

At Haverstraw last weekend Schenectady was in its fifth State final. It even has a Williamsport title in its history a half dozen or so years back. Islip was the defending State champ, loaded with players who had experienced their first big league thrills a year ago. Oneonta? It was already six times as far as it ever had gone before—and it did itself proud all the way.

To the hundreds of Oneonta folks who had no direct connection with this Little League band of 14-, 11- and 12-year-old boys, this midsummer event was something special. The exploits of the boys on the field, so far above what had ever been done before, captured everyone's attention. It excited the city, it united the city. It leaves memories—happy ones—to many more than the families of the players.

As have few other events in recent decades, the triumphs and finally defeat of the 1961 Oneonta Little League team, meant something to the city these boys can call their own.

**The Foreign Aid Issue**

**EXTENSION OF REMARKS  
OF**

**HON. DURWARD G. HALL**

**OF MISSOURI  
IN THE HOUSE OF REPRESENTATIVES  
Tuesday, August 15, 1961**

Mr. HALL. Mr. Speaker, at a time when both the House and Senate are considering the administration's foreign aid proposal, I think it is important to recognize that while the bill is entitled "The Mutual Security Act of 1961," mutual security funds are a very small percentage of the total amount. Most of the money in this bill is destined to be channeled into social and economic reforms rather than mutual security.

Under leave to extend my remarks I ask permission to insert my weekly "Report from Washington" on the subject of foreign aid as follows:

One of the most important, yet least understood issues before the Congress is the issue of foreign aid. This week this issue was the debate on the floor of the House. The foreign aid issue is perhaps the most controversial matter to be decided upon during this 1st session of the 87th Congress. By the time my words reach you on this program it is probable that the issue will be resolved—one way or the other.

Nevertheless, I would like to discuss foreign aid with you today on our "Report from Washington."

Of all the aspects of the foreign aid issue, the greatest controversy has centered over whether the Congress should give the administration authority to commit this country to long-term loans to foreign countries and to permit these loans to be made over a 5-year period with no annual review, by the Congress or its duly constituted Appropriations Committee.

The more common word for this procedure is "back-door spending," or raids on the Federal Treasury, whereby the Foreign Aid Administrator, without prior congressional approval, is permitted to go directly to the Treasury and borrow money for foreign development loans.

Thus far, our experience with back-door spending in domestic legislation has been virtually disastrous. Largely through this loose system of controlling the public purse strings, our national debt has skyrocketed to the astounding figure of almost \$300 billion and many long-range commitments.

The first Government agency to be given this blank-check authority was the old Reconstruction Finance Corporation. On June 30 of last year, this agency had advanced \$106 billion by the back-door route, and net losses at that time in cancellation of notes and appropriations to restore impaired capital, totaled over \$18 billion.

Hearings before the Foreign Affairs Committee revealed that if the administration is given this blank-check lending authority, interest rates are contemplated as low as 1 percent, and some probably will be interest free. In some cases terms of repayment up to 50 years will be permitted, with no repayment of principal for initial periods, up to 10 years.

The past history of our foreign aid program, in my opinion, does not give us cause to increase the amount of funds or the authority of the bureaucrats who administer the program. For example, at the present time the foreign aid administrator has a \$5½ billion surplus—that is, money which has been previously appropriated by the Congress but which the State Department has been unable to spend. This does not indicate to me that there is a need for still more funds when \$5½ billion previously appropriated has not been used.

A recent investigation by the Committee on Government Operations of our foreign aid to Peru—thought to be one of our more efficient or model aid programs—reveals some shocking examples of what happen when administrative agencies are given a free hand in the spending of tax dollars overseas, far from the watchful eyes of the Congress and the press.

For example out of 106,000 tons of grain costing \$14 million, which was sent to Peru for drought relief, there was evidence to show that only 5.7 percent of the grain was actually distributed free to hungry drought victims. A large portion of the remainder was sold by the Peruvian Government and its high officials, into regular commercial channels; and at least a part of the proceeds were used to purchase real estate and to construct eight houses which were then sold to some of the local leading citizens at prices below cost.

A \$2 million loan to Peru was intended to aid its economy through the construction of a farm to market road. After the route was laid out, soil tests were taken, and they showed that the area to be served by the original route was unsuitable for farming. The road finally constructed under this loan ended in the middle of nowhere on the side of a mountain, and it is estimated that an additional \$2½ million will be necessary to complete it, at which time it will serve no purpose. Furthermore, the Secretary of State ordered his subordinates not to testify even though summoned by the congressional committee.

These are only a few of the reasons why I expect to vote against the administration's request for long-term financing authority in our foreign aid program. There are, of course, much more fundamental issues involved which time does not permit me to discuss on this program. But, the volume of our mail opposed to further wasteful spending of taxpayer dollars on foreign giveaways, assures me that there is almost unanimous agreement in our Seventh Congressional District on this particular issue. We can't influence religion, culture, or loyalty by purchase or giveaways, and I feel by now we have proved this—to the detriment of our national and personal dignity. To say nothing of our bank balance.

**Record of Mercy**

**EXTENSION OF REMARKS  
OF**

**HON. F. BRADFORD MORSE**

**OF MASSACHUSETTS  
IN THE HOUSE OF REPRESENTATIVES  
Wednesday, August 2, 1961**

Mr. MORSE. Mr. Speaker, the Lowell Sun recently ran an editorial which makes an appeal far beyond the limitations of the Fifth Massachusetts District. I commend it to the attention of my colleagues in the hope that they will help



spur contributions to the Red Cross, which for 80 years has symbolized the very finest in human compassion and generosity:

#### RECORD OF MERCY

Disasters of nature and of human accident cannot be prevented. They strike free men and Communists alike. But in considerable measure they can be planned for, and today in many American communities they are.

We can thank the Red Cross, perhaps the most remarkable service agency in human history, for the fact that this is so.

At the end of this month, it will have been helping communities and individuals cope with disaster for a solid 80 years.

No longer do we wait for flood, fire, hurricane, tornado, drought, earthquake, mine collapse, plane crash or train wreck to happen. Most areas have plans and trained people ready to act. And local Red Cross chapters know they can call on the national organization the moment trouble grows too big.

In its eight decades, which began with help for victims of a grave forest fire in upper Michigan in 1881, the Red Cross has managed nearly 8000 separate disaster operations. That comes to more than eight a month for the whole span. The average has been 25 a month in recent years.

Set against the multibillion-dollar outlays the Government makes today for defense, foreign aid and other major enterprises, the \$323 million spent by the Red Cross at home and abroad in 80 years seems a modest expenditure.

But that sum has come from voluntary contributions of the people, even though the agency has national official status under act of Congress.

More than four-fifths of the Red Cross's disaster relief dollar goes for long-term individual family aid—for food, clothing, medical care, replacement of household things, repair and rebuilding of homes. And most of the money is spent in the stricken communities, to help shore up their often disrupted economies.

If we have not experienced disaster in some form, we have all seen its ravages pictured in photograph or movie film. For 80 years, ever since the infant Red Cross reached out from its birthplace in Dansville, N.Y., to the fire victims of Michigan, this great agency has been setting the picture right again.

Many Americans through their generosity and good efforts have had a part in that enterprise. More than ever will their aid be needed if the Red Cross is to serve in the future as it has up to now.

#### A Two-Faced Approach

#### EXTENSION OF REMARKS

OF

**HON. THOMAS J. LANE**

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Monday, August 14, 1961*

Mr. LANE. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following release from the New England Council of Boston, Mass.:

"A two-faced approach," today declared Charles W. Colson, Washington representative for the New England Council, referring to a statement filed with the Office of Civil and Defense Mobilization by the B. & O. Railroad.

OCDM is currently reviewing the 1959 quota restriction on imports of residual fuel oil and has asked for statements from interested parties.

"In New England, Florida, Hawaii, and other parts of the country," Colson continued, "we have no original sources of fuel and must pay heavy transportation charges to obtain it. The B. & O.'s claim that loss of revenues to the railroads is an argument for using coal is an attempt to hornswoggle the Government."

"There is no question that coal has been a major source of revenue for many railroads over the years. Even so, despite the obvious advantages of purchasing their fuel from their No. 1 customer, the railroad industry has converted fully to diesel oil."

"If, as the railroads charge, the continued transportation of coal is necessary to maintain rail facilities, then it makes infinite sense that the railroads should reconvert to coal. Better sense by far than that the Government should force small consumers to continue to operate under a controlled program that is costing us over \$120 million a year."

"Everyone will appreciate, I am sure," Colson continued, "why it is difficult for us in New England to listen sympathetically to the railroad industry's plea that we should use a fuel which even the railroads, who stood to gain so much by its transportation, found uneconomical."

#### Oregon's One-Man Town

#### EXTENSION OF REMARKS

OF

**HON. AL ULLMAN**

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, August 15, 1961*

Mr. ULLMAN. Mr. Speaker, the September issue of Ford Times magazine carries the following brief article on Granite, Oreg., which may be of interest to my colleagues. I urge all of them to pay a visit to Oregon and suggest that their plans should provide for at least a temporary increase in the Granite population.

OREGON'S ONE-MAN TOWN: THE 1960 CENSUS GAVE GRANITE A POPULATION OF THREE BACHELORS, BUT NOW TWO ARE GONE—SO OTE FORD IS HIS OWN GOVERNMENT

(By Bruce M. Wilkinson)

An elderly man who lives in a weather-worn little group of frame buildings deep in the Blue Mountains of Grant County, Oreg., is treasurer, de facto mayor, and sole citizen of what can't help but be the smallest town in the United States.

The town is Granite (population 1). Only a ghost could be smaller; the question is, are there any other populated towns with which Granite would have to share its distinction? None has as yet come forward.

Granite is located about 45 miles west of Baker in the once prospering eastern Oregon goldfields, and isolated from the rest of the county by 4 or 5 months of winter that only snow cats can penetrate. This fragment of a once riotous gold-mining camp is still incorporated, but Otis Ford, 78, is the only resident left.

The 1960 census gave Granite a population of 3—against 40 in 1950—at a time when the city limits were shared by 2 other bachelors. But one hanged himself. The other moved a few miles away into the hills, to a

cabin on Ten Cent Creek where he could carry on his prospecting away from the distractions of city life.

Thus "Ote" Ford alone took over the duties of mayor that were abandoned by one of the bachelors, and the obligations of citizenship that he and the other had shared. He is now the government and population combined, in a community that around the turn of the century was the outfitting headquarters for some 1,200 people working the gold mines and raising sheep.

There are other people who hang their hats regularly in Granite, but these are summer visitors who do not rate in Ote's book as residents. Even his nephew and nephew's wife, who stay in Granite as much as 9 months of the year, have not been honored with the mantle of citizenship, although inclusion would boost the treasury.

Ote runs a careful government with no worry about elections or council meetings. He sees to it that Granite's coffers are properly enriched when such steady revenue producers as the State highway and liquor apportionments come through on a quarterly basis. Some recent payments from this source were in amounts of 10 cents, 16 cents, and, much more substantial, \$1.25—all based on the nonexistent population of three.

A self-service water supply for which users are supposed to pay \$1 a month adds sporadically to the treasury. Sometimes a summer visitor will hand Ote \$5 for the water bill, which can run revenue up to \$30 a year.

Living in his one-room log house with 20 cats for company, Ote is not unaware of the tourist appeal of his one-man town, and is friendly with the sightseers who travel to see this municipal curiosity.

As he sizes it up, the smaller Granite becomes, the more prominent it is, and he is proud of the population peak—or "unpeak"—it has achieved.

#### Congress Must Accept Responsibility for Reckless Spending

#### EXTENSION OF REMARKS

OF

**HON. BRUCE ALGER**

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, August 15, 1961*

Mr. ALGER. Mr. Speaker, while it is true that many of the increased spending proposals are administration-inspired, we cannot get away from the fact that Congress must bear the final responsibility for spending the taxpayers' money. The Members of Congress will be called to account at the polls next year for the handling of the peoples' money. It is our responsibility to appropriate and our responsibility to thwart raids upon the treasury. It is difficult enough to ward off the repeated challenges of the administration for wild spending sprees, we should certainly not be encouraging spending programs even beyond the wildest dreams of the planners in the executive branch. In this connection, I think the following article from the Wall Street Journal makes interesting reading:

#### THE FINE ART OF SPENDING

There's been much criticism of the administration's reckless spending in these columns, and a reader whose letter appears



today asks, in effect, if there hasn't been too much.

That, of course, is a matter of opinion. But, in all fairness, it ought to be made plain that the administration has no patent on irresponsibility. When it comes to prying open the Treasury for political gain, Congress is sometimes way ahead of the White House.

Take, for example, the little frolic the other day in the Senate Labor Committee. Just for laughs, the Democratic majority got things rolling before Republican members appeared. Skipping debate, the Committee breezily approved in just three minutes a pair of multibillion-dollar boondoggles so outrageous that even the administration opposes them.

One is the proposed Youth Conservation Corps, a retreat of the old CCC of New Deal days. The administration would like a corps of 6,000 youngsters. The Senate Democrats thought that figure niggardly. So they approved a corps 25 times larger—ultimately numbering 550,080—at a 4-year cost to the taxpayers of \$525 million.

Next came the so-called cold war GI bill, which doesn't even carry a comprehensive price tag. As passed by the committee, it provides for peacetime servicemen the same Government benefits extended to veterans of World War II and the Korean war. Free higher education for draftees would cost an estimated \$3.4 billion over 12 years; nobody knows what housing, rehabilitation, and the rest would cost. Nor did any committee member seem to care.

As one Democrat quipped, "We've developed a new technique: vote first and debate later."

Congress has indeed refined the technique of legislating without thinking. Because of administration misgivings, the two giveaways described above may not become law. Then again, they may very well; equally irresponsible legislation has been whooped through Congress already this year.

Perhaps the most reckless was the \$5.6 billion omnibus housing bill. The handling of just one part of that package of political goodies—title V subsidies for local water, gas, and sewage plants—shows the technique of big spending raised to the level of artistic virtuosity.

Originally, the administration thought \$50 million would do for these community facilities, and that's the way the provision came out of a Senate committee. On the floor, the Senators raised the ante to \$300 million and earmarked \$180 million for loans to improve mass transportation. As the housing bill swept to passage, Senator Russell remarked: "The Senate no longer reckons any program in terms of dollars. . . . I know it would not make any difference if there were \$99 billion involved. The Senate would vote it with a 'hurrah.'"

In this case, the House had the last hurrah. That Senate figure of \$300 million for "community facilities" quickly ballooned to \$500 million. Even that wasn't enough for the congressional spenders. In the final, compromise version of the housing bill, Title V was allotted \$650 million—a fat \$600 million more than the administration's first generous request.

Almost daily, there's the same bidding-up of bills thought to be politically profitable. In both Houses, Senator Russell's observation applies: Dollar signs dissolve and disappear before eyes that are glazed by the votes to be got among farmers, old folks, city dwellers, suburbanites—anybody at all. So what if it takes millions and even billions to try to capture them? It's only money.

This also seems to be the sentiment of the reader who takes us to task for allegedly al-

lowing Government spending to monopolize our thoughts. Look beyond the squandered billions, he says, and pay heed to the really important business of resistance and survival against the Soviet threat. But reckless spending and pyramiding of Federal debt obviously weakens the economy on which the Nation's defense depends. And it also may lead a determined foe to dismiss our occasional talk of resisting as mere words, not to be taken seriously.

So we plead not guilty to the charge of over-concern with wasterful Government spending. For we fail to see how the threat without and the frivolity within can be neatly separated.

### Kennedy and Tariffs

#### EXTENSION OF REMARKS

OF

### HON. PETER H. DOMINICK

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. DOMINICK. Mr. Speaker and fellow colleagues, from time to time I have reported to you on the great difficulty which has been encountered by members of both parties in trying to get action on a program for cutting down foreign imports of foreign minerals in order to resurrect our domestic mining industry and on the problems which our domestic sugar producers have been having in attempting to get a fair share of our own market for domestic production. You have also heard many speeches from the well of this House condemning the activities of this administration and past administrations in failing to give adequate protective support to domestic industries from foreign competition.

I have read today a most interesting analysis written by Mr. Philip Geyelin, staff reporter for the Wall Street Journal, on proposals which are being actively considered by this administration to create an effective joinder of the United States with the European Common Market to the further detriment of many of our basic domestic industries. According to his analysis the moves of the European Common Market presently being made will harm exports from the United States of wheat, corn and feed grains, motor vehicles, iron and steel, petroleum, coal, and many others. To offset this possibility the administration proposes legislation permitting it to cut import tariffs across the board so that the European bloc can ship to our market more readily in the hope that we will get some reciprocity in our export program. The article indicates that although the administration recognizes the damaging effect which this move would have on many industries, nevertheless it believes that the export considerations make the move worthwhile.

I strongly urge every Member to study this article with care as it is certainly a strong warning of the problems which every Member will face next year when these proposals are forwarded by the administration for action by Congress.

KENNEDY AND TARIFFS: HE WANTS BROAD POWER FOR CUTS TO BAR LOSS OF EUROPEAN MARKETS, HE'LL ASK LOANS, OTHER AID FOR FIRMS HIT BY IMPORTS; ATLANTIC COMMON MARKET? OPPOSITION SURE TO BE STIFF

(By Philip Geyelin)

WASHINGTON.—The United States as a member, or at least a limited partner, in Europe's Common Market?

Remote as that possibility may seem, it is currently getting dead-serious consideration, largely as a matter of economic self-defense, by top trade statists in the Kennedy administration. No sudden U.S. leap into the six-nation society is intended, to be sure, despite Britain's recent lead. But the prospect of ultimate, intimate U.S. participation in an expanded Atlantic Common Market is privately looked upon by key presidential counselors as no more than the logical, long-range consequence of drastic new free trade proposals now quietly being readied for delivery to Congress next year, when the administration's present tariff-cutting powers will expire.

Important details must still await the findings of a maze of committees, task forces and study groups. Protectionist pressures in Congress, already potent enough to assure a major battle next year over any effort to renew the 27-year-old Reciprocal Trade Act, may temper the current mood. But the sentiment among high officials in the State Department, the Treasury and the White House now leans heavily toward this approach:

A request to Congress for the most sweeping powers ever handed a U.S. President to slash tariffs, not by the complex, item-by-item trimming process now required, but in broader strokes by which import duties on whole groups of commodities would be lowered by a given percentage. Authority for this would not only be far wider than at present, but much longer lasting than the traditional temporary grants; the most recent extension of the Reciprocal Trade Act was for a 4-year period ending next June 30.

#### IMPACT ON EXPORTS

The immediate objective would be to haul the United States actively into Europe's fast-paced, trade-freeing drive. If this country lags behind, administration analysts increasingly believe, U.S. exports will suffer from growing discrimination in a thriving market now accounting for nearly one-third of American shipments abroad.

But there are also larger political aims: Transatlantic trade freedom, according to some top Kennedy advisers, would clear the way for far more intimate economic and political collaboration under an "Atlantic community" flag. Its absence, they warn, threatens to shift the West's economic and political center of gravity eastward from the United States to Europe.

"We simply can't afford to be left out of the Common Market movement," warns one high administration official. "If the United States wants to exert leadership over the free world, we must be in a position to work from within."

Such sentiments are certain to bump into stony resistance on Capitol Hill, where protectionist strength is growing and likely to grow further, especially if unemployment continues high in the face of economic recovery. So the administration strategy, as it now stands, will be to link its tariff-cutting proposals with sweeping plans for easing the impact of tariff cuts.

The key feature: A basic shift away from upward tariff rate adjustments or import quota controls as the major instruments for protecting domestic industries threatened by imports. They would be replaced by a "distressed area" approach. Tariff or quota pro-



tection would remain for exceptional cases, such as industries vital to national security. But the accent would be on increased Government aid to rehabilitate firms, industries, or communities suffering from the impact of competitive imports; the Government would provide loans or other aid to help divert factories to new products, to train idled workers in new skills, or to relocate them in new areas.

#### CURE ON TARIFF COMMISSION?

One practical effect of all this would be to put a big crimp in the powers of the Tariff Commission, the watchdog agency established by Congress to keep an eye on import trade that threatens injury to domestic firms. Much admired by many lawmakers and businessmen and strongly backed by foreign trade men in the Commerce Department, the Commission is also roundly denounced by free trade advocates as the major obstacle to the negotiation of reciprocal tariff concessions with foreign lands. Under escape clause provisions of the trade law, the Commission can recommend tariff boosts to protect firms losing business to imported wares; under peril point provisions, it can recommend to tariff negotiators the level below which the duty on any particular item ought not to be cut.

The Commission's findings, though not binding, greatly sharpen the political pressure on the President to go along.

How deeply, or quickly, the administration would cut into existing U.S. tariff barriers is not yet clear. But the objective is ambitious: To equip this country with sufficient leeway to participate freely in the sort of wholesale knocking-down of tariff walls now speeding ahead in Europe, where two separate trade blocs seem headed toward amalgamation into one.

The key unit is the 4-year-old Common Market, so far embracing six continental nations: France, West Germany, Italy, Belgium, the Netherlands and little Luxembourg. It aims not only at progressive elimination of all tariff barriers within its confines, but at gradual construction of a uniform set of tariff walls against the outside world, and adoption of common economic policies in such matters as farm price supports, foreign exchange controls, anti-trust measures, jobless benefits, old-age pensions, and other social security charges on employers.

Much less ambitious is the rival European Free Trade Association, a largely British brainchild set up 2 years ago. It was designed chiefly as a bargaining counter for its "Outer Seven" members (Britain, Austria, Denmark, Norway, Sweden, Switzerland, and Portugal) in dealings with the "Inner Six." The EFTA offers none of the key economic integration features of the Common Market; it promises progressive internal trade liberalization while leaving members free to fix whatever rates they like with respect to the outside world. With Denmark as well as Britain applying for Common Market membership and other EFTA countries likely to follow suit, this grouping is destined to dissolve, U.S. analysts believe, leaving one big European trading bloc.

#### AN EXTRA COST

Amalgamation or not, one impact on U.S. exporters of Europe's tariff-cutting spree remains the same: Because the member nations of both blocs, or of a combined one, are freeing their own goods from tariffs while maintaining duties on most goods purchased from the rest of the world, most imports from the United States and other nonmember nations will necessarily arrive in Europe's markets burdened by an extra cost, compared with those locally produced.

A study by the Chase Manhattan Bank, for example, figures U.S. machine tools will compete with German machine tools in the French market at a 5-percent to 15-percent import duty disadvantage by 1966, when Common Market tariff adjustments are com-

plete. The impact on U.S. exports to the "Six" will vary, however, this survey says. Items likely to be partly displaced by European products would include: Machinery, electrical equipment, finished chemicals, wheat, and fats and oils. The same applies to a lesser extent, the bank reports, for motor vehicles, iron and steel, corn and other feed grains, tobacco, petroleum and coal. But U.S. exports to the Common Market of aircraft, scrap metals, metal ores, basic chemicals, cotton and soybeans, it's forecast, would feel little impact.

Summing up, Chase's analysts conclude that "many American producers will find European competition increasing difficult to meet, and some products successfully exported to Europe may cease to move there."

The Common Market's plan for uniform external tariff barriers adds an additional problem for outside wares; because the process entails gradually averaging out duties of such low-tariff lands as West Germany and the Netherlands with those of high-tariff Italy and France, U.S. shippers will encounter higher tariffs on a host of items they now sell heavily in, for example, West Germany, without any assurance of comparable gain, at least immediately, from the trimming of external tariffs of France or Italy.

#### SHIPMENTS OF LEATHER

Examples: U.S. manufacturers have been shipping a high volume of sheep and lamb leather to West Germany and the Benelux trio at tariff rates running from 6 percent to 8 percent of the products' value. They've established no real market, however, in France and Italy, where duties range from 13 percent to 23 percent. But the new common external tariff will be about 10 percent when it goes into effect, meaning a boost in West German and Benelux rates for U.S. shippers of these items; with no market established in France and Italy, prospects would hardly be bright for a compensating gain from lowering of tariffs there.

Perhaps as important a problem for the U.S. exporters, many administration trade strategists will tell you, is a less tangible one: The new dynamism, as one official puts it, that the Common Market is bringing to Europe. The hot breath of stiffer competition, as internal tariffs drop, is causing many a marginal concern on the continent to wither away or merge with stronger rivals. The tariff-free market that will be opened up—the Common Market now almost matches the United States in population—puts new premiums on adoption of cost-cutting mass production methods and will require greater attention by Europe's manufacturers to consumer whims. The upshot, analysts believe, will be sturdier competition from Common Market firms for Yankee businessmen in Europe, in the United States, and elsewhere.

Many U.S. manufacturers have met this threat to their exports by setting up or expanding production facilities within the Common Market. This is a major reason why U.S. corporations this year are expected to spend \$4.5 million on new plant and equipment abroad, up 20 percent from 1960.

So far, U.S. officials concede, there's no clear statistical evidence of injury to U.S. exporters from the Common Market, even though the group's internal tariff rates have already been cut by 30 percent. In fact, the figures suggest the reverse: Last year, U.S. exports to Europe climbed to \$6.2 billion from \$4.3 billion in each of the 2 previous years; shipments to the Common Market rose from \$2.4 billion in both 1958 and 1959 to \$3.4 billion last year.

#### SPARKED BY PROSPERITY

But the analysts note that the upward surge of U.S. exports to Europe has been sparked by that continent's economic prosperity. Moreover, the first 10-percent round of internal tariff cutting by the Six was automatically extended, without reciprocity,

to other nations of the Western world. There's this added worry: While the booming Common Market now shows every sign of seeking to ease the impact of its preferential trade policies on outsiders, an economic slump could quickly alter this mood. And the machinery now working toward trade liberalism can as easily be used for protectionism if the Common Market management desires.

Thus, U.S. policymakers see some urgency in the need for this country to move dramatically toward free trade. If the postwar trend in that direction should falter now, they argue, the result might not just be a freezing of the world tariff structure but retreat toward protectionism. "We must use our influence now to make sure the Common Market makes its external tariff walls as low as possible," says one U.S. trade authority.

Lately, developments at a little-noticed trade conference in Geneva have sharpened the administration's sense of urgency. Under the auspices of the General Agreement on Tariffs and Trade, a pact providing for reciprocal trade concessions among most of the free world's trading partners, the United States is struggling to work out concessions with the Common Market to ease the external effect of the group's internal tariff cutting. The Six have offered to extend to outsiders the remaining 20 percentage points of the 30-percent tariff cuts made so far between market members—provided adequate reciprocity is forthcoming. Privately, the Six have indicated willingness to interpret the word "adequate" in extremely liberal terms.

But U.S. officials, though armed with a theoretical 20-percent tariff-cutting authority under present law, insist they are so restricted by "peril point" provisos and other restraints that their offerings would average out to less than 2 percent. Not surprisingly, the negotiations, by reliable report, are not going well. "We can't even offer the appearance of reciprocity," complains one trade official involved.

The administration's critics are sure to argue that the Common Market should lower its external tariff walls without requiring reciprocal U.S. concessions. Failure to do so, it will be contended, amounts to trade favoritism; it will also be argued that Europe's capacity to take such a big fling at free trade stems in great part from the postwar industrial rebuilding job done largely with lavish U.S. aid.

Budget economizers will also attack the cost of any program of Government help in bailing out industries suffering from competition from abroad; others will argue against such schemes on philosophical grounds.

As for the notion that the United States might actually join the Common Market, even its advocates agree it would be wisest, as one puts it, "not even to think of the trade issue next year in that specific context. At this point, as long as we do the tariff cutting, we don't have to decide about institutionalizing relations with the Six." At the most, this Nation could be expected to participate only on some sort of associate basis which would not involve the supranational aspects that full membership in the Common Market would entail.

#### Crooked River Project

#### EXTENSION OF REMARKS OF

HON. AL ULLMAN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. ULLMAN. Mr. Speaker, the following article from the Bend (Oreg.)



Bulletin of August 2 points up some of the many benefits in addition to irrigation which stem from a reclamation project such as the Crooked River project in Crook County. I think it will be of interest to those who may forget that the reclamation program also represents a multiple-use approach to resource development:

**CROOK COUNTY RESIDENTS PLEASED WITH NEW PRINEVILLE RESERVOIR**

**PRINEVILLE.**—Completion of the Prineville Dam across the Crooked River early this year brought a score of undisguised blessings to Crook County with the beginning of summer, and incidentally changed the face of the county more than any event since the volcanic age.

That was the gist of countless street corner discussions and official meetings held as the completed dam began to form the extensive lake, estimated by the Bureau of Reclamation to be some 10 miles in length.

Major benefit from the reservoir, when water is released in 1962 into all the canals and laterals still under construction through the farming area around Prineville, will be the addition of some 7,500 acres of dry land to the Ochoco Irrigation district.

Water from the Ochoco Reservoir, a smaller unit near Prineville, has maintained irrigation on 8,500 acres, according to LaSelle Coles, Ochoco Irrigation District manager and a leading national authority on the subject.

**FIGURE GIVEN**

The new reservoir will bring that total to approximately 16,000 acres of farm and ranch land.

Another benefit, just beginning to be realized in the first summer of the lake's existence, is the recreational addition to the county. Construction of a State park, with boat ramp, docks, picnic grounds and camping grounds has been underway this summer, and plans are being made to add a county park next year through the cooperation of local organizations, according to County Judge Ervin Grimes.

The impact of the lake as a tourist attraction is expected to be felt more keenly in 1962 as knowledge of the lake spreads to other areas. Payrolls of construction crews building the dam were a major benefit to the Prineville area last year.

**PLANTED IN LAKE**

For fishermen, thousands of fish were planted in the lake early this year by the State, and even in the early season, fishing began to be reasonably satisfactory. Of keen interest were the thousands of young trout planted in the Crooked River's new reservoir, where no trout have been. By next year, it is said by sportsmen, the lake will be a top fishing spot in the State.

The new Juniper Canyon road built in the spring as an access to the State park and the midregion of the lake, will also be an aid to hunters during the bird and game seasons, sportsmen state. Although an old road formerly existed into that part of the county, the road was dubious in bad weather, and there were no camping facilities such as will be offered at the State park.

According to Bureau of Reclamation statistics, the Prineville Dam has a maximum height of 245 feet and carries Highway 27 across its 890-foot width at the top. Behind the dam, the reservoir has a maximum storage capacity of 155,000 acre-feet. The lake filled in its first spring to within a dozen feet of highwater line, and complete filling is expected in normal years by the Bureau, even if all water is sold for public use and the lake is drained to dead storage level.

**ADDED INTEREST**

Engineer's figures set the area of the reservoir at 3,100 acres impounded in a shoreline that ranges from sheer cliffs to sloping shores. Several deep inlets and coves mark the shoreline, and for added interest the lake contains a major island rising steeply from the water.

The dam is 21 miles south of Prineville. A diversion canal has been built beginning 8 miles south of Prineville on the Crooked River and leading to the edge of Prineville. From there a distribution canal leads north, circling around Prineville for a length of 16 miles. Two large pumping stations lift the water in the distribution canal at key points, and 35 miles of laterals extend from this canal.

In early summer a bill was introduced in Congress, both in the House and Senate, for an extension of the irrigation project to carry water to 2,890 additional acres of dry land, at a proposed cost of \$995,000. Authorization of the project will probably not be made until 1962, according to a time estimate by Coles, who stated that the new extension would, if approved and money appropriated, bring four new areas into the OID, for a grand total of 18,890 acres.

**CONTROL FACTOR**

A benefit not much discussed, possibly because not in evidence, is the flood control factor of the dam. Floods which were a recurring possibility in early spring and which have forced evacuation of homes on various occasions, will be effectively prevented by the staunch dam astride the sometimes rampant Crooked River.

The Prineville Dam was constructed under the supervision of the Bureau of Reclamation, with Keystone Construction Co., a Hudspeith enterprise, as the prime contractor. The Bureau owns a marginal strip around the entire circumference of the lake, protecting the natural and ruggedly scenic shoreline from private construction. Behind this strip, much of the land is owned by the Federal Government under the jurisdiction of the Bureau of Land Management, and some sections are privately owned ranchland.

**Khrushchev's Idea of Coexistence Is Complete Surrender**

**EXTENSION OF REMARKS**

OF

**HON. BRUCE ALGER**

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. ALGER. Mr. Speaker, any thought of successful coexistence with the Communists is sheer folly. The only terms upon which Khrushchev will negotiate is complete surrender to his impossible demands to accept the enslavement proposed by the Soviet Union. We cannot afford to yield one more inch of free territory, or bargain away the liberty of one additional single individual in the hope that we may buy freedom for ourselves. Unless we stop the Communists now in Berlin, in Cuba, and everywhere else by letting them know for certain that any further aggression means the complete destruction of their homeland, we may as well kiss freedom goodbye, for any appeasement at this moment will certainly bring on world war III. In this connection I would like

to call attention to the following editorial from the Chicago Daily Tribune.

We must abandon our continuing policy, or lack of policy, which indicates clearly that we prefer to continue side-stepping the showdown with Russia. The firmer and tougher we are, the less likelihood of war by miscalculation, which would expand into nuclear all-out war. Russia respects strength—any bully does. There is far less likelihood of declared nuclear war than there is the limited or miscalculated war.

The article follows:

**THE WAR OF NERVES**

The world is obliged once more to attend Nikita Khrushchev's latest polemic on Berlin and to attempt to wring refinements of meaning out of the standard mixture of threats and invitations to the West to see things as "reasonably" as he professes to do.

Thus the speech fortified, on the one hand, those who prefer to think that a "deal" can be arranged, while, on the other, it confirmed the contrary belief that no business can be done with Khrushchev except by capitulating to his terms.

Here are examples of the threatening Khrushchev:

"We must not permit West Berlin to become a kind of Sarajevo, the Serbian town where rang out the shots announcing the outbreak of the First World War.

"The Western powers are now pushing the world to a dangerous brink, and the threat of military attack by the imperialists on the Socialist states is not ruled out.

"When a situation like this arises, it would be impermissible for us to sit with folded hands. History teaches us that when an aggressor sees that he is not rebuffed, he becomes brazen, and when, on the contrary, he is rebuffed, he cools down.

"If the imperialists do unleash war, the Soviet Union, without any rise in its military budget or calling up reservists, has the necessary means of combat to strike a crushing blow not only at the territory of the United States, but also to render harmless the allies of the aggressors."

Then comes the switch to the reasonable Khrushchev:

"Let us sit down honestly at a round conference table. Let us not fan up war psychosis. Let us clear the atmosphere. Let us rely on reason and not on the force of thermonuclear weapons."

"We do not intend to infringe upon any lawful interests of the western powers. Any barring of access to West Berlin, any blockade of West Berlin, is out of the question."

"We are doing and will do our best to solve the disputed international problems by peaceful means and in a quiet atmosphere. The Soviet Union does not want to fight anybody. We do not want anybody else's territory."

"If the Western Powers reconsider their position, hearken to the voice of reason, and express readiness to conclude a German peace treaty together with us, we shall be only too glad."

It is, as you see, a nice blend. The man is a sane lunatic. In one voice he preaches reasonable accommodation together with the annihilation of civilization—the destruction of the homes, cities, and cultural monuments of the western world, with the people who go with them.

But inasmuch as Khrushchev cannot be unmindful that the gamble is no sure thing—that the same fate could just as readily be visited upon the Communist world—it would seem apparent that he recognizes that this is a contest of wills, and he is betting that the will of the west will not be equal to the test.



So he plays on the frayed ends of nerves, with all of the confidence that the terrorist always enjoys against decent people. Any victory through coercion would find him taking credit for a contribution to "peace." Any resistance by the west to surrender he would equate with "aggression." This is all part of the Marxian jargon of "objective law," which can be simply translated in terms of the old formula, "Heads I win, tails you lose."

Khrushchev says that western obduracy leaves him no line of retreat. To put off the crisis would mean that communism was conniving with the forces of western intransigence, to "retreat under their pressure."

He has said all this countless times, and we had better start getting ready to believe him and to defend ourselves. For the ugly realities aren't simply going to go away, nor is there any hope that the wardens will cart Khrushchev off to the nuthouse.

### Mutual Security Act of 1961

#### SPEECH

OF

**HON. KATHARINE ST. GEORGE**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Monday, August 14, 1961*

Mrs. ST. GEORGE. Mr. Speaker, this rule makes it in order to consider H.R. 8400, the Mutual Security Act of 1961. It provides 8 hours of general debate and waives all points of order. It has been already well said that this is a strange way of bringing this rule out, namely, the waiving of points of order. Many of us have been disturbed about this very thing. We are especially disturbed by the fact that when the witnesses were asked about these points of order they said merely that they thought there were a good many of them, and one witness stated that he thought there were 19.

It seems to me that it has always been poor policy to vote down a rule but, Mr. Speaker, if there ever was a time when there would be some justification to vote down a rule it is in this particular instance. I have no doubt, however, that the rule will pass and that the bill will be considered.

I am not opposed to foreign aid, which I think is a better title for the bill, or to mutual security, if that title is preferred. I have voted for this kind of legislation although, as the chairman of the committee has also well said, this is a totally different bill from any bill that has ever come before us heretofore. But I have voted for this kind of legislation for 15 years. I am not opposed to it per se, but I am opposed to this bill, and I am opposed to a great many things in the bill.

First of all, I am very much opposed to the argument which has prevailed on the floor of this House for many years, which is nothing new, and this is not special to this administration; and the argument runs something like this: Oh, if you do not vote this bill out, everything will collapse overnight, everything will end, nothing will go on, it will be a calamity, it will be a cataclysm.

Mr. Speaker, this will not be the case. At the present time the unexpended funds total \$5,443,412,000. There is an

increase in this fund over the 1960 unexpended balance of \$729,747,000.

Now, it will be argued that these funds, though unexpended, are already authorized. Nevertheless I think anyone will agree that it will take at least 1 year, and that will be hard work—more normally 2 years—in order even to expend this money. Therefore, the program will go on exactly as it is for 2 years, whether you and I vote for this bill or not.

In the additional views in the report on page 105 the following figures are given, and I have no reason to question them. The foreign aid bill for the fiscal year 1962, as reported by the committee, specifically authorizes \$4,355,500,000. The new sums will be made available despite an estimated unexpended balance as of June 30, 1961, of \$5,443,412,000, of which approximately \$145,500,000 remains unobligated.

It seems perfectly obvious from these figures that the programs will go on. It also seems to some of us that this will be an excellent time to pause, to look over these programs, to weigh the evidence, the evidence of waste, the evidence even of malfeasance, and see where these programs have to be changed and what has to be done about it.

We also have the sentimental appeal which invariably comes up also at this point in our deliberations, and that is, someone will say, "Will you let the starving starve and the little children die?" There is no reason for either of these things to happen. In this list of unexpended funds there are 20 different agencies listed, and I should just like to tell you what is still unexpended in the children's fund: \$8,542,000. And in the U.N. Relief and Works Agencies, \$9,274,000. So you see these programs also will be amply cared for.

Finally, because my time is very short, I should like to remind this House that not very long ago we were told on the highest authority that 17 million Americans went to bed every night hungry. If this is the case, and we have no reason to doubt it, I think, Mr. Speaker, it will be well perhaps to care for 17 million Americans with some of this new money and let these programs continue while we examine them carefully and while we put them in proper perspective.

### In Praise of Public Service

#### EXTENSION OF REMARKS

OF

**HON. JOHN BRADEMAS**

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Monday, July 31, 1961*

Mr. BRADEMAS. Mr. Speaker, I am pleased to insert in the CONGRESSIONAL RECORD the following excellent editorial from the August 11, 1961, issue of the La Porte (Ind.) Herald-Argus which points up the importance of training more of our young people for public service:

#### PUBLIC SERVICE SCHOOL

Princeton University received a \$35 million bonanza from a small group of anonymous

donors who specified the money is to be used for creation of a professional school to prepare individuals of outstanding talent for careers in the public service. Specifically, the donors have in mind the training of carefully selected postgraduate students for high level tasks in the Federal Government, especially for activity in the Foreign Service field.

It is apparent that possessed of this tremendous sum Princeton will be able to create a remarkably effective institution for training an elite group to cope with the difficult politico-scientific age in which the world lives today. An idea of the size of the gift may be gleaned from the knowledge that this endowment is larger than the basic trust funds of all but about 30 of our colleges and universities. A pity some of the money could not have been diverted to other institutions more greatly in need than opulent, powerful Princeton.

But what is most significant is that this great university will soon be training individuals for public service, an area of education in which this Nation is woefully weak despite efforts of the Georgetown University's School of Foreign Service, the Johns Hopkins School of Advanced International Studies, the Fletcher School of Law and Diplomacy and Cornell's School of Business and Public Administration. When we compare training opportunities in public service with opportunities for medicine and the law, the facilities are meager and the output is small.

We have been prone in this Nation to ridicule and downgrade a public service career. We have used the word "politician" as a bad word, signifying something low and slightly disgusting. The I-didn't-raise-my-boy-to-be-in-government forces have been vocal and emphatic. But now that more than ever in history our national security, our very continued existence rest with these "politicians," we have gradually accepted a new face on the matter. That we must have a better grade of competence in government at highest levels now gains more acceptance among us. Gradually the notion that a public service career is a last resort or a minor disgrace is disappearing. And it is high time.

Perhaps the professional school which Princeton can now set up will be a mighty stimulus to public service careers. Perhaps it will help point up for many young men of ability and character the extensive range of usefulness found in these careers. And the recompense for jobs of this kind will be gradually bettered; that too is imperative.

As the age of science moves ahead in a rapidly shrinking world, mankind leans more heavily than ever on brains and training and character of human beings. The United States must recognize this before it is too late.

### Finland's Trade Relations With the United States

#### EXTENSION OF REMARKS

OF

**HON. JOHN D. DINGELL**

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Thursday, August 10, 1961*

Mr. DINGELL. Mr. Speaker, the New York Herald Tribune recently featured two articles on Finland's international position and her trade relations with the United States. These informative reports are a distinct service for all who are interested in the prospect of increased trade with this rapidly developing nation.



In the first article, entitled "Finland Strives for Economic Neutrality," the author, David Steinberg, presents a graphic historical account of Finland's search for independence on the international economic battlefield.

In the second piece, "Finland Easing Trade Barriers in Move To Lure U.S. Investors," he sets forth facts and figures about Finnish production, the total employment Finland enjoys and the current liberalization in its foreign investment legislation.

These articles, which stress the potentials of beneficial trade with this hardy Scandinavian country, are significant for American industry and investment capital. Finland has aligned itself with the free world and merits our respect as a small nation that is progressive and whose private enterprise system is based solidly on principles of economic freedom.

Under unanimous consent, I include these short articles in the CONGRESSIONAL RECORD:

[From the New York Herald Tribune, July 9, 1961]

#### FINLAND STRIVES FOR ECONOMIC NEUTRALITY (By David Steinberg)

**HELSINKI.**—For 800 miles along the Soviet Union's northwest frontier Finland is the thin buffer between East and West. In this fact are the compelling arguments for Finnish neutrality in a world where a growing economic hot war parallels the political cold war.

As the most industrialized nonsatellite abutting the Soviet Union, the squeeze on relatively isolated Finland is tight and the would-be consequences direct. Holding apart viselike international pressures preoccupies Finnish businessmen and officialdom. Their success or failure may serve as a guidepost for the political and economic realization of other noncommitted nations.

In politics, the legendary individualism of 4,500,000 Finns expresses itself in a multiple-party system and a fierce ballot-box independence. Though the last general election gave 25 percent of Parliament to the Communists, this sizable minority holds no government posts. Nor do the other 75 percent fear Red influence.

"We are Finns first and party members second," chorus all segments of the population.

Indeed, a Bolshevik takeover seems unlikely in a nation which has twice warred with the Communist colossus since proclaiming independence in 1917 after centuries of Swedish and czarist Russian domination.

Finland's true search for independence is on the international economic battlefield, where her businessmen present a united front of shrewd horse traders—seeking neutrality through the principles of free trade.

Following the 1944 winter war with the U.S.S.R., Finland was presented with a reparations bill by the Soviets (greater than that levied on Japan by the Allies after World War II). One positive feature of reparations was the Russian demand that payment be in new machine lines, which Finland promptly established in new plants with the latest tooling. Until 1952, when the bill was paid in full, Finland's economy was anchored in Soviet soil.

Once relieved of the costly drain, Finnish businessmen went first to their most accessible market, the Soviet Union, and asked payment in the future for goods previously supplied without charge. Next, they turned westward in the hope of building a firm base of East-West trade with emphasis on tradi-

tional pulp, paper, papermaking equipment, icebreakers and new machine lines.

From the immediate postwar years, when almost all exports went east, Finland successfully has reversed the trend. Last year only 20 percent of her exports moved behind the Iron Curtain, with 14.2 percent to, and 14.7 percent from the U.S.S.R. In the fast-growing precision engineering and machine industry, however, 65 percent of this basic equipment still feeds Russian production.

#### ON BARTER BASIS

Under the restrictive bilateral agreements through which the Soviet Union prefers to trade, Finnish exports are paid for on a barter basis. The Finns view the Russians as reliable business partners but not particular friends. However, for a small country like Finland there is a low saturation point for the consumption of Russian oil, chemicals, wheat and raw materials—and Russia refuses to pay for Finnish imports above the bilateral quotas with convertible currencies.

It is unnatural to expect Finland to be immune to Soviet pressure. On the other hand, the Finns are adamant in their demand for international trade that will best suit their domestic economy. As a result, they hold their commerce with the Russians to the level set by the amount of Soviet imports they can absorb.

To mollify the Soviets, Finland attempts to raise Iron Curtain dollar volume each year while holding down the percentage of total trade. This means sending most of Finland's new output to the West.

The goal most private businessmen, government enterprises and industrial cooperatives strive toward is an East-West balance that will assure Finland of markets and supplies from all nations. To this end Finland, after ironing out the implications of her bilateral Soviet pacts, this month gained associate membership in the European Free Trade Association.

For Finland, EFTA membership will safeguard her British trade relations and protect her competitive position in third markets, but may be damaging to her domestic textile industry, subsidized agricultural sector, heavy tractor output and certain other smaller consumed goods industries. The move is typical of Finland's fearless calculated risk business planning.

As a union of EFTA with the common market grows imminent, Finland eagerly anticipates economic integration with all the free world nations of Europe, while retaining vital trade links with the Soviet bloc. Once achieved, she should be well on her way toward guaranteeing political independence through economic strategy.

#### FINLAND EASING TRADE BARRIERS IN MOVE TO LURE U.S. INVESTORS (By David Steinberg)

**HELSINKI, July 9.**—At Chicago's International Trade Fair later this month, Finland will display her products and industrial development in a bid to step up two-way trade with the United States as part of the hardy Scandinavian nation's drive for prosperity through trade.

Except for a handful of America's most progressive internationally minded corporations (and not by accident among our most successful), Finland too often is a zero in foreign trade calculations of American business and investors—deleted from consideration because commerce with Russia ignorantly is interpreted as signifying existence of another Red satellite.

June 11 marked the final day of one of the U.S. Department of Commerce's most successful oversea trade fairs and missions—held in Finland. The revitalized Commerce Department has, since last year, been blazing new foreign trade trails for American business. In announcing the Helsinki fair and trade mission, Grant O. Olsen, Chief of the

Nordic Section, explained the choice of site:

#### CHALLENGING OPPORTUNITY

"Finland is one of our traditional markets (as a source of pulp, paper, and papermaking machinery) that offers a challenging opportunity to American traders. It is enjoying presently a high level of economic activity. Gross national product was 8 percent greater in 1960 than in 1959 and 90 percent greater than in 1938. It has eliminated a high percentage of restrictions affecting American goods, its financial controls on current transactions have been relaxed and it participates in the General Agreement on Tariffs and Trade and the European Free Trade Association."

It may be added that Finland also enjoys total employment, with 105,000 persons (about one-third of the labor pool) in industry, and expects a 400,000-man increase in the labor force over the next 10 years. Full employment means heavy purchasing power and the Finnish standard of living reflects it. Industrial and residential building is at a high level and retail sales are climbing.

The Commerce Department recognized Finnish economic achievements when it themed the Helsinki Fair to consumer goods. Underestimating Finland as a market, investment site and as a source for custom-made specialized machinery and distinctive imports of high-design consumer products seems to be the province of American business.

#### PLUS AREA FOR SOME

For some companies, including Ford, GM, Gulf Oil, IBM, ITT, Jersey Standard, P. Lorillard, National Cash Register, Singer Sewing Machine, United Shoe and a few others, Finland is an important plus in overseas operations. Hercules Powder recently stepped in with a chemical plant to supply the booming woodworking industry. And there are in force a number of U.S. licensing agreements.

Anticipating awakened interest in Finland as a trading partner and undeveloped tourist area (also as a gateway to travel in the U.S.S.R.), Pan American World Airways last month inaugurated direct jet service from New York to Helsinki via Oslo and Stockholm with a spectacular northern route on which the sun peaks over the horizon precisely at midnight.

Finland's current efforts to liberalize "our outmoded" foreign investment legislation and further ease trade barriers should rouse interest, but for the moment the "Land of the Midnight Sun" remains profitlessly and senselessly remote in most American foreign business planning.

Finland is not a pot of gold for American business at the end of an Arctic rainbow, but within limits there appear fascinating possibilities.

#### A HEALTHY MARKET

To an American consumer goods manufacturer, with lines competitively priced against those of Germany, Britain, and other European producers, Finland can be a small but healthy market and a base for other Scandinavian sales. Unfortunately, geography works against Finland as a path for major operations in either European trading alliance.

For American producers of heavy equipment and machine tools, expanding Finnish industry and public works programs can be alluring prospects.

For American importers (beyond traditional pulp and paper), Finland's daring modern design of handcrafted glassware, pottery, jewelry, lighting fixtures and exclusive textiles, and sportswear often outclass similar products of neighboring Scandinavian countries now in vogue here.



Perhaps the most intriguing potentials in Finland, where a severe shortage of domestic capital hampers essential industrial expansion, exists for the American investor. While present Finnish law is not particularly conducive to foreign investment and many local business men admit to some fear of heavy American capital inflow ("We could be bought out overnight by a single large U.S. corporation"), the need is overcoming extreme conservatism in the money market and legislative revisions are in the wind.

Surprisingly, the first Americans to see the investment future in Finland have been our shady promoters, who were unable to convince hard-headed Finns that their intentions—or interest rates—were honorable.

Long before "rugged individualism" was coined in America, the Finns had a word for it, "sisu," which also may be translated freely as "guts."

In today's bitterly divided world, Finnish "sisu" is building an independent nation oriented in its philosophy of life to the West but in its will to live by the common sense principles of economic freedom.

As reports of new American business transactions concluded behind the Iron Curtain increase, it seems foolhardy to overlook the trading possibilities with a rapidly-developing nation that has chosen to fight its unyielding geography and ally itself with the free world.

### We Can and Should Have Both

#### EXTENSION OF REMARKS

OF

**HON. AL ULLMAN**

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, August 15, 1961*

Mr. ULLMAN. Mr. Speaker, my interest in the growing community college movement of our Nation is well known and I have again introduced legislation in this Congress—H.R. 16—to provide Federal assistance to the States for expansion of these important institutions. In line with that interest, I am pleased to comment to my colleagues' attention the following editorial from the East Oregonian of Pendleton, Oreg., which discusses one of the basic aspects of the community college approach to post-secondary education. It should be pointed out that Mr. J. W. Forrester, Jr., the editor of the East Oregonian, is a member of the Oregon State Board of Higher Education.

#### WE CAN AND SHOULD HAVE BOTH

The Oregon Legislature this year made it easier for communities to have community colleges. Substantial State financial assistance will be provided them and they can use legislation which provides that a large number of school districts can be joined to provide the tax base for a community college.

Until recently the only community college in Oregon was at Bend. It has suffered financial problems since its beginning because only the Bend School District was supporting it. It had some State and Federal financial aid, but it was small.

With the assistance provided by the 1961 legislature we may expect to see the creation of many community colleges. School districts ranging from Port Orford to Florence this month approved a community college to serve their area. One is on the way up the coast in the Astoria area. There will be others.

The community colleges program will be administered by the State board of education which also is responsible for the State's elementary and secondary schools.

It is the view of most persons who have studied closely the community college program in other States that Oregon's program can go in either of two directions. It can be a 2-year terminal program that concentrates on vocational courses. Or it can be a combination of that program and a second program which offers formal education courses which will permit those students after 2 years who wish to go on to 4-year institutions and graduation with BA or BS degrees.

The granddaddy of the community college program is the State of California. It has some 70 community colleges. All have the two-headed programs—terminal that includes vocational courses and formal which permits transfer to a 4-year institution with full junior-year status. Most States have copied the California formula.

While the State Board of Education will administer the community college program in Oregon the State Board of Higher Education has much more than a passing interest in the program. This is so for several reasons. In the first place, the board of higher education wants to be sure that those students who want to go on from community colleges to 4-year institutions have course credits that will be acceptable at a 4-year institution if courses for that purpose are given them. Secondly, as the numbers of students who want education beyond the high school skyrockets in the decade ahead the board of higher education must be responsible for taking care of the bulk of them.

It has seemed to several members of the board of higher education that as its task of taking care of all who want education beyond the high school grows, a community college program must be part of the package. Because of this members of the board have been studying the community college program in depth.

In recent months they have been interviewing candidates for the presidencies of University of Oregon and Oregon State University and more recently for the position of chancellor of the State system of higher education. Those educators have provided the board with much valuable information on the education-beyond-the-high-school problem. Most of them have testified that their community college programs are so designed that a student can either take a terminal (2-year) program that is in most part vocational or a program that will lead to matriculation at a 4-year institution.

And they have told the board that those who take the latter program have been coming into their 4-year institutions fully capable of doing junior year work. Furthermore, they have said that most of these transfers from community colleges do fully as well in their junior and senior years as students who have had all their work in 4-year colleges.

Now, to the other side of this—the side of those who think the community college program should be terminal. The editor of the Oregon Statesman, Charles A. Sprague, is on that side and last week he discussed at length his opinion. We quote some excerpts from Mr. Sprague's opinion:

"I don't want to see these community colleges mere appendages of the institutions of higher learning. Their emphasis should be definitely vocational and terminal, and not just a convenient and economical educational interval between high school and university. This would not foreclose students in junior colleges from altering their direction and going on to universities—if their interest is roused and their capacity evident. Some will do just that. It may take them a little longer to get their bachelor degrees but the extra time will not hurt.

"The danger is that the educationists will load the community colleges with lower division work, aping the 4-year institutions. That would be a mistake, for in such an atmosphere the student wanting practical courses in business, trade, or technical subjects would probably suffer. With six institutions scattered over the State offering the usual college academic courses, it is easy enough for students to get to one—and be where they belong if they are going in for study of arts and sciences.

"In my opinion the community college should offer:

"1. General courses, picking up deficiencies in high school work, and offering advanced general education.

"2. Vocational training in business courses and in some trades and technical studies. The new age calls for workers with intelligence as well as skills, those who can service and run the instruments of this age, who can become leaders and foremen and plant executives—and go just as high as their capabilities will permit. Community colleges can be their training ground."

There is much to be said for Mr. Sprague's viewpoint. Certainly, we would not want a community college program that did not have a strong terminal (2-year) educational program. But we think it is possible, and preferable, to have with that terminal program a program that will permit those who want to get college degrees to transfer to 4-year institutions with full junior class standing.

If all who will want to go to community colleges in Oregon would be satisfied with no more than 2 years of education beyond the high school we would settle for Mr. Sprague's program. But the experience in other States is that many students who do not know either whether they can do 4-year college work or whether they want to do it when they enter community colleges find that after 2 years that they want to go on and get degrees at 4-year institutions. We would like to see Oregon accommodate them and we think it can.

### American Foreign Policy Must Not Build Up and Strengthen Communists

#### EXTENSION OF REMARKS

OF

**HON. BRUCE ALGER**

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, August 15, 1961*

Mr. ALGER. Mr. Speaker, I am utterly amazed at the suggestions in this article from the New York Times written by Tad Szulc:

LATINS PRESS U.S. FOR CUBA ACCORD—HAVANA AND MOSCOW ALSO SEEK TRADE RESUMPTION  
(By Tad Szulc)

WASHINGTON, August 14.—The United States has begun to feel strong pressure for friendly coexistence with Cuba from a number of Latin-American republics.

There also are strong indications, according to diplomatic sources here, that Cuba and the Soviet Union are most interested in an accommodation between Washington and Havana.

According to diplomatic analysis here, this effort from Cuba and the Soviet Union aims at reopening trade between the United States and Cuba to relieve the worsening food shortages and deteriorating economic situation plaguing the Havana regime.

A second objective is believed to be the winning of Washington's tacit acceptance of the existence of a Communist state in



Cuba to increase the respectability of the Government of Premier Fidel Castro in Latin America.

An inclination is said to be developing in the Western Hemisphere to accept the Castro regime as a member of the Inter-American community in relatively good standing. Curiously, the economic conference in progress in Punta del Este, Uruguay, is reported to have strengthened this trend, partly through the efforts there of Maj. Ernesto Guevera, Cuban Minister of Industry.

It remains the United States position that normal relations with Cuba are out of the question as long as a Communist regime apparently dedicated to spreading its influence across Latin America and to the eradication of democratic institutions, remains in power in Havana.

But the new pressures in favor of an accommodation are creating a political problem for Washington at a time when the policy here is to concentrate on the economic and social development of Latin America through President Kennedy's Alliance for Progress program and, in effect, to isolate Cuba.

#### HOPES FADE FOR WIDE TALKS

Conversely, the sentiment that the Cuban issue is a bilateral dispute between Havana and Washington is quietly killing the hopes held here earlier this year that the Punta Del Este economic parley might be followed by a political Inter-American conference on the Castro regime.

Continuing opposition from some of the key Latin American Governments, like Brazil, Mexico and Chile, makes it unlikely that such a conference can be called in the foreseeable future, diplomats here believe.

The Cuban interests in improving relations with the United States have been partly manifested through hints dropped by Cuban officials and by Soviet diplomats in private conversations.

At least, observers here said, Havana wishes to avoid Washington's invoking of the Trading with the Enemy Act, which would cut off what remains of trade between the two countries.

#### AIRLINER TO BE RETURNED

After having held a hijacked Eastern Air Lines Electra in Havana since July 24, Premier Castro offered late last week to exchange the airliner for the return of a patrol boat brought to Key West, Fla., by escaping Cubans. The exchange is to take place tomorrow.

In a change of attitude, an official radio commentator in Havana had some kind words for President Kennedy for the first time in many months as he discussed last Thursday's Presidential news conference.

And observers here would not be surprised if the next step in Cuba's current shift of policy were an application for membership in the Intra-American Development Bank, through which much of the alliance-for-progress aid is to be dispensed to Latin America.

Mr. Speaker, I do not know this writer, nor do I know from what sources he obtained the material upon which to base his assumptions, but I am concerned with the kind of thinking that would make possible a change in our foreign policy in order to help build up Communist Cuba. There can be no reason sufficient for us to take such a disastrous step. No pressure, from any source, friend or foe, should be allowed to influence the United States of America to recognize and assist in establishing a successful Communist regime in Cuba. By what possible stretch of the imagination could such a policy be interpreted to

be in the best interest of the United States?

What concerns me even more than the newspaper article is the fact that some important spokesmen within the administration have been hinting that such a policy may be in the making. Mr. Speaker, I plead with the Members of this body to take whatever steps necessary to prevent the administration from encouraging to even the slightest degree any thought that we can be pressured, bribed, or lured into making any such agreement with Cuba or any other country who chooses to become a satellite of the Soviet Union which is bent upon our destruction.

Once again, this article reminds us of another dangerous moral. The passage of time strengthens the Cuban Communists where police control, and terror and intimidation, and imprisonment have supplanted free speech and elections by popular consent.

As Castro and the Communists are condoned and not removed by the United States they are gradually accepted as a fact. Necessarily then freedom loses and communism gains—right at our doorstep. The hemisphere and the free world thus suffers a loss and opens the door for future Communist successes.

This hemisphere must be freed of communism. That is our job, the United States of America. We dare not dodge it. We must not postpone it. What now is U.S. policy?

#### Courage at El Paso

#### EXTENSION OF REMARKS OF

#### HON. WARREN G. MAGNUSON

OF WASHINGTON

IN THE SENATE OF THE UNITED STATES

Tuesday, August 15, 1961

Mr. MAGNUSON. Mr. President, I am sure that Vice President LYNDON JOHNSON spoke for all of us when he wrote to President Robert Six, of Continental Airlines, concerning the El Paso incident.

I ask unanimous consent that Vice President JOHNSON's letter be printed in the appendix of the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE VICE PRESIDENT,  
Washington, August 7, 1961.

Mr. ROBERT SIX,  
President, Continental Airlines,  
Denver, Colo.

DEAR BOB: Warmhearted praise is the very least that the country and the Government can have for the courage and the quick, correct and brave thinking that was displayed by you and your staff to nullify the attempted piracy of your jet flight on August 3.

A wrong decision could have meant injury and possible death to many persons but all of the decisions were right. The passengers, who always look to the crew for guidance, generally kept cool and collected, and on the ground, personnel acted swiftly to meet the crisis.

You got the word quickly, I understand, and promptly went to the scene to give your support and assistance to the personnel already acting to save the passengers and crew. I know that the frontline troops always are heartened by the sight of their commander and the knowledge that his leadership is immediately available to them. The conditions in El Paso paralleled such a grim battle situation.

I wish you would express for me to all of the personnel involved directly or indirectly my personal congratulations and that of all the people of your country.

Yours sincerely,

LYNDON B. JOHNSON.

#### The Press Lives by Disclosures

#### EXTENSION OF REMARKS OF

#### HON. THOMAS B. CURTIS

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. CURTIS of Missouri. Mr. Speaker, I am placing in the RECORD an article from Nieman Reports, July 1961, by Joseph Pulitzer, Jr., editor and publisher of the St. Louis Post-Dispatch. I believe that the Members will find these remarks well worth reading. They pertain to a subject that all persons concerned about the future of representative government are finding of increasing importance and concern—reporting:

#### THE PRESS LIVES BY DISCLOSURES

(By Joseph Pulitzer, Jr.)

A century ago when an external threat to the survival of the Nation was undreamed of, Wilbur Fisk Storey, editor of the Chicago Times, declared: "It is a newspaper's duty to print the news and raise hell." This incisive judgement on one journalistic purpose was questioned recently by President Kennedy when he expounded before an audience of American publishers the problems of a free press in the cold war. Mr. Kennedy proposed a voluntary censorship of news on matters involving the national security. He called for more self-restraint or self-discipline in such matters by the press. At the same time the President recognized the responsibility of newspapers to inform the public, in his words, "to arouse, to reflect, to state our dangers and our opportunities, to indicate our crises and our choices, to lead, mold, educate, and sometimes even anger public opinion." The dilemma, as he defined it, concerns "a free and open society in a cold and secret war." Speaking of the monolithic and ruthless conspiracy which confronts the free world, Mr. Kennedy said: "Its preparations are concealed, not published. Its mistakes are buried, not headlined. Its dissenters are silenced, not lionized. No expenditure is questioned, no rumor is printed, no secret is revealed. It conducts the cold war, in short, with a wartime discipline no democracy would ever hope or wish to match. Nevertheless, every democracy recognizes the necessary restraints of national security—and the question remains whether those restraints need to be more strictly observed if we are to oppose this kind of attack as well as outright invasion."

The occasion for suggesting consideration of voluntary censorship was the ill-fated Cuban invasion, in which operation some newspapers, as you know, disclosed active participation by the Central Intelligence



Agency. While one may sympathize with the busy public servants who were harassed by newspaper reports of CIA activity, one must weight against such inconvenience or interference the traditional safeguard of press freedom, protected by the Constitution as a fundamental bulwark of our free society. One may respectfully assert that the editor in Chicago uttered a cogent and wise maximum when he declared that it is a newspaper's duty to print the news and raise hell.

Admitting the roughness of the language, this is not a frivolous conception of a newspaper's responsibility to the public it serves. On the contrary, the statement implies the essence of a free, inquiring, critical press. It recognizes, I suggest, a newspaper's obligation to print a full and accurate account of the news, to interpret its significance or meaning in the broader context of the issues of the day, and to comment on events with vigor, sound reasoning and moral purpose irrespective of the popularity of the views expressed or any denunciations that might thunder from high places of authority.

Before commenting on the conflict between censorship and this obligation of the press, let us recall several eloquent statements on the value of the press to a free society. Thomas Jefferson wrote:

"Were it left to me to decide whether we should have a government without newspapers, or newspapers without a government, I should not hesitate a moment to prefer the latter."

James Mill concluded:

"Without the knowledge of what is done by their representatives, in the use of the powers entrusted to them, the people cannot profit by the power of choosing them, and the advantages of good government are unattainable. It will not surely cost many words to satisfy all classes of readers that, without the free and unrestrained use of the press, the requisite knowledge cannot be obtained."

C. P. Scott, editor of the Manchester Guardian, stated:

"At the peril of its soul [the newspaper] must see that the supply [of news] is not tainted. Neither in what it gives, nor in what it does not give, nor in the mode of presentation, must the unclouded face of truth suffer wrong. Comment is free but facts are sacred."

James Bryce wrote:

"Democratic government rests upon and requires the exercise of a well-informed and sensible opinion by the great bulk of the citizens."

Justice William O. Douglas wrote:

"The command that 'Congress shall make no law abridging the freedom of speech, or of the press' has behind it a long history. It expresses the confidence that the safety of society depends on the tolerance of government for hostile as well as friendly criticism, that in a community where men's minds are free, there must be room for the unorthodox as well as the orthodox views."

"The press lives by disclosures," as the London Times observed in a wise assessment of the role of the press. More than a century ago, 1851, British officials were agitating for censorship after Lord Palmerston had been disclosed as backing a clandestine operation by Louis Napoleon to become Emperor of France. In reply, the Times disagreed that the purpose of a newspaper is "to share the labors of statesmanship, or that it is bound by the same duties, the same liabilities as Ministers of the Crown. The purposes and duties of the two powers are constantly separate, generally independent, sometimes diametrically opposite. The dignity and freedom of the press are trampled from the moment it accepts an ancillary position. The press can enter into no close or binding alliances with the statesmen of the day, nor can it surrender its permanent interests to the convenience of the ephemeral power of any government.

The first duty of the press is to obtain the earliest and most correct intelligence of the events of the time, and instantly, by disclosing them, to make them the common property of the Nation. The press lives by disclosures.

If the foregoing consensus means that the press must serve no master but the public interest, and that the disclosure of the truth is indispensable to an informed public opinion on which rest sound public policies, it is my view that editors can best contribute to the public welfare by the exercise of each individual conscience in covering the news and commenting on it. If the editorial opinions of a newspaper are to be sound, meaningful, and influential, in shaping the great potentialities of American life in a free society, those declarations of opinion must rely on the most complete, unrestrained, accurate account of the consequential events of the day. Self-imposed censorship, voluntarily agreed to—conformity to a code of suppression designed to protect the general welfare—would warp the integrity of the news on which sound opinions rely.

Voluntary censorship has been accepted during periods of war as a temporary abridgment of a protected right in order to safeguard American lives engaged on the fighting fronts. But wars have involved a controlled press for only a limited duration. The competitive challenge of the Communist world, it is widely accepted, may threaten the Nation for decades. Not with open war but with covert means, our opponents may be expected to test the foundations of freedom.

An ever-widening circle of news suppression over an extended period would merit the people's loss of confidence in the press, deepening as the suppressions or distortions inevitably came to light. Could we accept the decline of an informed public opinion after editorial debate had become an empty ceremonial dependent on a pale replica of the facts? Voluntary censorship in the cold war under Government tutelage would, in time, I suggest, stifle the initiative, the curiosity, the skepticism which goad responsible editors to ferret out the facts of important news situations. Valid interpretations and informed discussion of the issues would falter. Enlightened public opinion would languish in a twilight of half-truths. The "collision of adverse opinions," in John Stuart Mill's phrase, would no longer supply the remainder of the truth which men must share with their government to insure that sound decisions are taken and constructive policies are supported.

The press is a tribune to defend the undefended, a chronicle to record its times, an examiner of controversies; it monitors the economy and the social progress of its age, it is a journal of man's successes and failures, a fighter for progress and reform; it is a herald of events, an observer of the tides of change, a commentator on the great issues confronting the Nation, a reporter of happenings in public life, a review of the policies—good and bad—of its leaders; the newspaper is a challenge to the policymakers, a guardian of man's liberties; it is a mirror of man's aspirations; a sentinel to protect the public. If the press is all these things—if it offers enlightenment to guide a free society toward a more noble destiny—could it serve unimpaired for long under the restraints of even self-imposed censorship? Would not the honored institution become enfeebled and decline in its capacity to support the Nation's struggle against tyranny or, conversely, to challenge decisions which, in a climate of moderation, might be recognized as inimical to America's best interests? A free institution would slowly lose its character and abandon its tradition. If "the press lives by disclosures," a muted journalism would debase the truth and be underserving of the trust imposed in it by the writers of the Constitution.

Surely nothing involving human judgment

is absolute or perfect. Flaws of character, errors by prejudice, weakness, unconscious bias, any of these would prevent perfection in the exercise of sound news and editorial judgment in deciding what facts an editor who is also a patriotic citizen should suppress in the interest of military security. If we can agree that no responsible editor would deliberately injure the Nation's security, would it not be wise to accept the damage, caused by a mistaken judgment rather than acquiesce in a code of censorship administered by men of goodwill but no less fallible? Mr. Kennedy recognized the need for vitality in public discussion of national affairs when he told the publishers, "Without debate, without criticism, no administration can succeed—and no republic can survive, that is why our press was protected by the first amendment."

In May the President conferred with a group of newspaper executives at the White House. It was reported that the Government and the press will continue to study the objective of protecting security without censorship and will meet again in several months.

In conclusion may I quote from an editorial carried in the St. Louis Post-Dispatch which summarizes the problem we have been examining:

"In the case of the Cuban affair, many newspapers of Florida agreed among themselves to say nothing about the training of refugees for the invasion. The New York Times, on the other hand, sent Latin American experts to Miami to obtain and publish as much information as they could obtain from refugee leaders.

"Obviously, the editors of the New York and Florida papers differed in their judgment, as was their right. But it seems also obvious that if all of the newspapers had agreed to conform to a code, in cooperation with a Government agency, the American people would be less able to evaluate the Cuban adventure and use its lessons to decide their future course. They might never have learned of the failure; they might not be in a position to demand an accounting."

There is no doubt that the existence of an aggressive and inquiring press is and will be an inhibiting factor in the sort of operation the CIA attempted in Cuba. But it would be better to conclude that maneuvers of this sort should not be undertaken by an open society than that our society should become less open. Perhaps a choice need not be made. This much, however, is quite clear: a free, aggressive, inquiring and above all pluralistic press is indispensable to a free society. In full knowledge that some newspapers may abuse their trust, the free society must rely upon the discretion and sense of responsibility of individual editors and publishers instead of trying to impose upon them all a monolithic uniformity like that of the totalitarian press.

Mr. Kennedy himself gave a partial answer to his own argument for considering press restraints. He said: "Even today, there is little value in opposing the threat of a closed society by imitating its arbitrary restrictions. Even today, there is little value in insuring the survival of our Nation if our traditions do not survive with it."

With that we fully agree.

### Hijacking of Airplanes

#### EXTENSION OF REMARKS OF

HON. ABRAHAM J. MULTER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. MULTER. Mr. Speaker, I commend to the attention of our colleagues



the following editorial which appeared in the New York Times of August 11, 1961.

The Times has taken a less excitable view of the recent hijackings that have plagued our airways than some. The counsel of moderation in our approach to a solution is well founded. Apparently none of the hijackers has yet been shown to have been doing the work of Dr. Castro.

The bill passed by the Senate the other day is the first legislative attempt at a solution. Unfortunately it provides the death penalty for hijackers, which is going too far. It is distressing that some of our colleagues in the Senate have seen fit to put the value of the hijacked property above that of the hijacker's life.

The editorial follows:

#### HIJACKING OF AIRPLANES

Congress is naturally alarmed and indignant over the rash of airplane hijacking, but the answers are not to be found in extreme reactions against Cuba, as some Senators demand. As President Kennedy said yesterday, "We should not get overexcited about matters when our information is so faulty—so incomplete."

In the last two highjackings, as Mr. Kennedy pointed out, the men involved were psychopaths. As it turned out, neither had anything to do with Cuba. The Eastern Airlines Electra now being held in Havana was hijacked by an American citizen of Cuban descent, but there is no reason to doubt he acted entirely on his own.

The United States has reasons that the Kennedy administration, as well as Congress, considers valid to oppose the Castro regime and to work for its overthrow. However, U.S. policies have to be based on legitimate provocations. It would have been disastrous if the State Department and White House had acted without ascertaining the facts in the hijacking cases. The United States gains, not loses, by acting, as Mr. Kennedy said yesterday, with the prudence worthy of its world responsibilities.

The menace of hijacking should be treated as something apart from Cuba. This the Senate did yesterday in passing a bill aimed at imposing the death penalty on hijackers. As the debates indicated, there is some doubt whether this is a solution. The type of person who performs such deeds is not likely to respond to the fear of extreme punishment. This crime is a contagion of madness that requires a number of remedies and time to work itself out.

#### Lincoln, Nebr.: The Lilac City

#### EXTENSION OF REMARKS OF

#### HON. ROMAN L. HRUSKA

OF NEBRASKA

IN THE SENATE OF THE UNITED STATES

Tuesday, August 15, 1961

Mr. HRUSKA. Mr. President, each of the Members of the Senate has his special liking and admiration for the capital city of his State.

It would not make news for any of us to extol the virtues and happy circumstances which inhere in our own State's capital.

However, when there is a well-written article about that city from one who comes from afar, then we tend to

become very proud of the favorable impression created and passed on.

In the September issue of the Senior Citizen, just off the press, an article entitled "Lincoln, Nebr.: The Lilac City," appears under the byline of Lora Kelly, of East Liverpool, Ohio.

It is packed full of interesting observations and many items of information about Lincoln, Nebr. In order that my colleagues and all readers of the CONGRESSIONAL RECORD may share in this appraisal of the State capital named after our Civil War President, I ask unanimous consent that it be printed in the Appendix of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LINCOLN, NEBR.: THE LILAC CITY

(By Lora Kelly)

When you write to your rich Aunt Minnie who lives in a place called Lincoln be sure to specify the State on the envelope. If you forget the proper address your bright ideas may wind up in Uncle Sam's dead-letter bin for there are 42 postoffices bearing that name in these United States.

But if she lives in Lincoln, Nebraska's capital city, perhaps you can make up for your seeming neglect by dropping in for a visit, a personal contact far more rewarding (perhaps in her will) than a mere greeting card.

Although the largest and most important of the numerous Lincolns doesn't claim to be a resort city you will find plenty of things to do or see, even if you haven't any well-heeled relatives to show you around. First, you will note that here is a cosmopolitan city which around a hundred years ago was only a cluster of frame shacks and log cabins on a lone prairie. You will be impressed by its abundance of trees and shrubbery, particularly if you go in springtime. The fine residential sections, the orderliness of the downtown district, and a refreshing air of cleanliness over all justify its popular nickname, the Lilac City.

The most unusual feature of the landscape is the capitol building which dominates the skyline for miles. Architecturally it is a radical departure from most of the Greek temples and rococo palaces of most statehouses. Rising sharply 400 feet in the air is a central tower surmounted by a gold-glazed dome topped by a 27-foot, 8½-ton bronze figure of the Sower, symbolizing agriculture. The white stone shaft rises from a two-story building in the form of a cross within a square, the sides of the square being 437 feet, and thus it forms four inner courts and adds to its utility by giving to each room or office an outside exposure.

Aside from its design the structure is unique in other ways. When it became apparent in 1919 that the old capitol was no longer adequate, the legislature voted approval for the construction of a new one. Even its method of construction differed from the conventional in that it encased the old one whose segments were removed piecemeal through new doors as the work proceeded. It took 10 years to build but when it was dedicated in 1932, it had been fully paid for by annual tax levies of 22 mills, and the State incurred no indebtedness. A signal honor was accorded it by 500 outstanding members of the American Institute of Architects who ranked it fourth in a list of 25 best buildings in the world, surpassing even such masterpieces as the Parthenon in Greece and the Chartres Cathedral in France. The genius of the drawing board, Bertram Goodhue who designed this rare combination of dignity, utility and charm died 6 years before his dream became a reality, but he left an enduring legacy of which all Nebraskans are rightfully proud.

But regardless of its outer aspects this capitol has another distinction which sets it apart from sister States. It houses the only unicameral legislature in the Union, the traditional bodies, house and senate, having been unified in 1937 and the number of lawmakers—known as senators—reduced to 43.

Since this is Lincoln's chief landmark you may spend some profitable hours exploring its interior and adjacent State buildings. The State historical society's vignettes of pioneer life recall Nebraska's part in the winning of the West. This State museum also displays relics of Indians who once abounded in the region. A large collection of paintings in the Sheldon Art Gallery which has an eye-catching facade attests to Lincoln's prestige as a cultural center.

If you happen to be curious about what was going on hereabouts 8 million years ago, just step into Morrill Hall's storehouse of life at the University of Nebraska. Among its exhibits is a restoration of a mighty elephant, the largest prehistoric animal ever found on this continent.

Eons ago he was a Grand Old Party who paddled around the marshes long before there were archeologists or even politicians to give him or his fellow fossils lasting fame.

The university itself brought the torch of learning to the sparsely settled State as early as 1869. Chartered in 1871 it now ranks in size among the top 25 universities throughout the country. More than 40 buildings occupy the main campus, a nostalgic spot to well over a hundred thousand alumni. The State's enormous output of corn, wheat and other grains flowing through giant elevators is more or less remotely associated with the university's college of agriculture where today's prospective farmers learn about scientific field crop production and soil management. It has its own vast campus, also a museum of antiquated farm machinery used by pioneers, a striking contrast to the tractor testing laboratories in which the students set world standards.

In addition to land development the university is also concerned with wider horizons of the space age. The Mueller Planetarium offers a star show three times a week to which visitors are welcome. Whether you are a confirmed stargazer or know nothing about stars except that they are visible only at night, you will be fascinated by the sweeping view of the realm earth's scientists are trying to conquer.

Nebraskans have always placed a major emphasis on education. The Nebraska Wesleyan University founded by the Methodist Episcopal Church in 1871 is the largest Protestant college in the State. The Seventh-day Adventist institution, Union College, still on its original location is said to be the oldest of its kind in the Nation. The School Music Hall contains curios donated by native members of the faith in Pitcairn Island. Looking toward the future is the Kellogg Center for Continuing Education, a national center seeking solutions to the problems which beset this somewhat brave new world.

Lincoln has no lack of entertainment, indoors or out. Its 24 parks and playgrounds covering a total of 1,365 acres abound in dance pavilions, tennis courts, golf courses, and swimming pools, one of which is supplied with real sea water. Six theaters, three drive-ins, and an amusement park also cater to the populace though, of course, the big special event of the year is the State Fair every September. Its grounds of 300 acres are crisscrossed by 4 miles of streets, with a full complement of attractions and accommodations for thousands of visitors.

Pioneers' Park has plenty of picnic tables for small groups and a Pinewood Bowl for the large audiences attending summer operettas and starlight concerts. There is also



a zoo where the deer and the buffalo roam in their natural setting. Some of the small islands inside the park's confines serve as refuges for wildfowl. Antelope Park is another mecca for those who seek outdoor recreation.

Converting summer pools into icy surfaces for winter skating is a common procedure in many locations but Lincoln reverses the process in the recently built Pershing Municipal Auditorium when it floods and freezes its arena for ice skating in the summertime. The building itself was named in honor of Gen. John J. Pershing, commander in chief of the American Expeditionary Forces in Europe during World War I, once a resident of Lincoln.

Another figure of national prominence was William Jennings Bryan who as a young lawyer came to Lincoln in 1887 to hang out his shingle for practice. Chosen in 1896 as a delegate to the Democratic National Convention in Chicago his eloquence so swayed the assembly that he was nominated for the Presidency. Hailed as the Boy Orator of the Platte—he was only 36—his Cross of Gold speech on that occasion is regarded as a classic of campaign oratory. Though his party leadership continued over two more nominations his influence waned with the successive defeats. When his political star was no longer in the ascendant he returned to Lincoln to publish a weekly journal called the Commoner and to appear on Chautauqua lecture platforms throughout the country. He died only 5 days after his participation in Tennessee's sensational Scopes monkey trial in 1925. Lincoln still remembers him kindly as one of its most distinguished citizens of the past.

The city's early history appears to be well-seasoned with salt. It was one Capt. W. T. Donovan who first saw possibilities for future commerce in the site back in 1856. Then it was merely an expanse of flats bordered by marshes and prairie land but he noted that creeks flowing into Platte tributaries were incrustated with salt. Two years later he was in business. The arrival of two salt boilers named Cox and Beckham marked the beginnings of a habitation and a name. Although the tiny settlement was laid out in 1859 to serve as a seat for Lancaster County the first permanent families did not move in until 5 years later. They were members of a Methodist colony under the leadership of Elder J. M. Young who built cabins and established a female seminary, an early start in Nebraska's interest in education and religion, the forerunner of the 125 beautiful churches which serve all denominations in Lincoln today.

Originally called Lancaster it was later named Capital City. It would be natural to assume that the present corporate label stemmed from Republicans who, then as now, regarded Lincoln as their patron saint. Such was not exactly the case, however much the newly organized party coveted the honor. It was really brought about by Democrats who lived north of the Platte and wanted the seat of government to remain in Omaha when the State was admitted to the Union in March 1867. The postwar Lincoln was not the national hero he has since become and the Omaha faction thought his name would be enough to defeat the bill for relocation. But the political ruse failed. Democrats south of the Platte ignored party lines and to a man voted for both the removal and the new name.

The following year State documents and furnishings were brought to Lincoln by covered wagons in the dead of night lest armed Omahans should resist the transfer. In the meantime the population had increased to around 500 served by grocery and clothing stores, a bank, livery stable, lumberyard, barbershop and even a newspaper. The new legislature authorized land grants for rail-

road construction, also for the University of Nebraska. The first railroad reached Lincoln in 1870 when the population had grown to 2,500.

In the meantime Lincoln continued to grow. Small industries arose, stockyards and packing plants were built, and railroad shops expanded to give unemployment to the population which reached 60,000 in the 1880's. No longer a grassroots town exclusively, Lincoln developed into the progressive city you see today. The Sower atop the Capitol tower is a meaningful symbol of the Cornhusker State's pioneer strength which is still going strong. Your Aunt Minnie can look up to the sower with unqualified pride.

## Do You Dare To Design Freedom?

### EXTENSION OF REMARKS

OF

### HON. WILLIAM B. WIDNALL

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. WIDNALL. Mr. Speaker, every American is willing to fight to preserve the freedoms that have been guaranteed to us in our Constitution. We understand the meaning of political freedom; but in too many cases, the connection between economic and political freedom has not been made clear to our people.

As a member of the Joint Economic Committee, I have been concerned with global statistics dealing with gross national production and the rate of our economic growth as contrasted with that in other countries. Yet, these overall figures result from the inspired thinking of countless engineers, designers, and salesmen throughout our land. They must meet the ever-changing needs of American consumers and provide them with better products at lower prices. America's economic progress depends on these talented individuals and the maintenance of adequate incentives for their efforts. They must also be given the freedom to dream and innovate. One of the most thought-provoking statements that has come to my attention is entitled "Do You Dare To Design Freedom?—The Organization of Society," by Mr. Bay E. Estes, Jr., vice president of marketing with the United States Steel Corp. It was delivered before the annual awards luncheon of the Industrial Designers Institute in Chicago on June 22, 1961.

Mr. Estes is eminently qualified to discuss this important subject which has been long neglected by many academicians.

Mr. Speaker, under unanimous consent, I include Mr. Estes' address at this point in the Appendix of the Record:

#### DO YOU DARE TO DESIGN FREEDOM?—THE ORGANIZATION OF SOCIETY

(By Bay E. Estes, Jr., vice president, marketing, United States Steel Corp.)

Your profession, industrial design, has progressed tremendously in recent years. It has grown in numbers. It has gained in acceptance and use by industry. Most important, it has made great strides in its ability to make major contributions to the progress of companies, of industries, and of our national economy.

Yet, in my judgment, there exist several barriers to further growth and progress of industrial design; and others may be developing. Some of these could, in time, even jeopardize the future of your profession, at least, as you know it. Others are merely stumbling blocks of the sort which to some degree limit the quality of the industrial designer's work or the extent of the contribution which he can make.

One important limitation on industrial design as a vital factor in industry, and an equally vital force in our national economy, is the failure of many businessmen to recognize the functions of the industrial designer and to take full advantage of the contribution he can make. Fortunately, this limitation is not permanent and progress toward its elimination is being steadily made.

What are the functions of the designer? I certainly don't need to tell you; but, perhaps, as industrial designers you may be interested to know what I as a marketing man consider them to be.

In the broadest sense, the designer should be at the same time an analyst of the present and an architect of the future. From a marketing point of view, it is the function of industrial design to create products which appeal to buyers through appearance, and which satisfy users through performance. From an artistic or esthetic point of view, it is the function of design to achieve a "rightness" about things—to make every product fitting with respect to form, function, materials, and techniques.

It is up to industrial designers to sense and anticipate changes in tastes, in technology, in science, and in culture. At the same time, it is these very changes which necessitate the practice of the industrial designer's art to help advance society's progress.

Thus, the industrial designer—seen in the round, from every perspective of his activities—is successively, and often simultaneously, an analyst, an artist, an artisan, an engineer, a technician, a salesman, a psychologist, and an economist.

So, the designer thinks scientifically as well as creatively. He designs with facts as well as ideas. He has to know materials and markets as well as forms and functions. He must never forget that a company is known by its end products in the hands of the public. The results of his decisions with respect to the appearance and function of industrial products are soon reflected in the profit or loss of the company he serves.

Let's turn to another problem. There is a current point of view that sees the designer as a marketing mountebank who foists upon the public something called "planned obsolescence"—who conjures up gimmicks and gadgets to enslave affluent consumers into wastemaking purchases that are not really wanted, needed, or even useful.

Such a downgrading of the designer's art and the public's intelligence needs no extended rebuttal here. Changes in product design evolve from the widening needs of people, from technical advancements, improvements in materials and methods of fabricating them.

If "planned obsolescence" means "planned improvement"—a better product tomorrow to replace yesterday's best effort, then it is a reason for pride and not apology, for commendation, not criticism. True, the "planned improvement" may not always meet with success in the market place—there are designs which fail and products which don't sell, just as there are books which no one reads and plays which close down, because no one goes to see them.

But industrial design will have a place as long as men keep striving to improve their condition—and designers will come up with new ideas as long as there are people to use them.

Is the art of industrial design keeping up with the pace of today's scientific progress?



Are designers improving their knowledge and mastery of materials as rapidly as science is revolutionizing those materials?

Let me explain what I mean by talking about steel—the material I know best. As designers, do you think of steel as one material—or do you think of steel in terms of thousands of different materials?

For example, when you consider wood, in terms of design, you think, almost automatically, of teak, mahogany, pine, cherry, fir, walnut, and so on. You would no more design walnut into a product that called for teak than you would design sterling silver into a product that called for structural steel.

How much do you really know about the revolution that has transformed steel, a brawny man's metal, into a light, bright, shimmering substance with all of the beauty and glamour that goes with feminine elegance?

Of course steel is a metal with muscle. Of course it can do the heaviest jobs that designers demand. But it can also "glitter and gleam." It can be shaped with the utmost freedom of form.

I wonder whether some designers may not have become so conditioned by habit in their thinking that they are overlooking—to their own great disadvantage—many of the wonderful and beautiful possibilities of steel as a designer's material?

As one well-known designer put it, "I sometimes think we suffer from hypnotic fixation when we always assume that strength requires bulk."

Imagine how attentively you would listen to the salesman who walked into your office and announced a revolutionary new material which could be fabricated into a honeycomb of foil-thin sheets about twice the diameter of a human hair and which was so strong that it could be employed to cover the surface of an airplane and endure the extreme stresses and temperatures involved in flying at three times the speed of sound?

Imagine how interested you would be to learn that this new material, spun into a continuous strand, had a tensile strength of 600,000 pounds per square inch and that this might someday be increased to 1 million pounds per square inch. Also, imagine that you were told this fabulous new material could be woven into a fabric finer than a butterfly's wings or twined into a rugged mat that could take dynamite explosions as though they were a baby's punches.

Suppose you were told that this new material could be woven to 400 strands per linear inch compared to 50 strands per inch in luxury stockings—and that this same material could also be used in larger sizes to screen and sift slag, coal, and other heavy, abrasive materials.

Suppose you learned that in another form this new material would last at least four times as long as ordinary steel, and that it was three times as strong.

Suppose this salesman told you that his new material could be supplied with magnetic or antimagnetic properties, that it possessed strength, hardness, ductility and toughness, corrosion resistance, and the highest modulus of elasticity of all the structural materials available to you.

Imagine your interest on hearing that this new material also offered great variety in its surface appearance—that it could be supplied in mat finish, sand-blasted finish, coated with vinyl plastic in any color and in dozens of surface patterns, pre-painted, coated with various metals, or with numerous patterns embossed into its surface.

Consider how impressed you would be to learn that this material would take more fabricating operations than any other known to man—that it could be drawn, welded, forged, riveted, bent, bolted, and brazed, stamped, spun, sheared, split, and soldered,

punched, painted, and even porcelain-enamelled.

This amazingly versatile material of many forms, gentlemen—as you have probably guessed by this time—is your old friend, steel, a friend whom you have known so long and so well that you have come to take him for granted, and failed to appreciate fully his many unique qualities.

Steel—the wootz steel of Damascus, the making of which Aristotle described in 384 B.C. Steel—the wako steel which the Japanese used to make swords in the first century. Steel—with which the Turks smote the Crusaders and the Romans conquered the Gauls. Steel—which the Celts used for wheel tires for their chariots before the birth of Christ.

Yes, steel which today soars skyward to the edge of outer space in the engines and the skins of supersonic planes, their sides seared to a sizzling red by the friction of the atmosphere and their steel wings with a cutting edge so razor sharp that, when these planes are in the shop, the wings must be capped by rubber guards to prevent mechanics from getting cut.

How easy it is to design by habit. How easy it is for men to live for centuries with a material and fail to follow the almost fantastically unbelievable transformation of this material from ancient to modern use. How much knowledge you designers must master to keep up with the teeming technology of our times.

Happily, I can tell you that we at U.S. Steel are doing much to ease your task in this respect. We are not designers. It is not our function to design products, but rather, to contribute to their design in terms of our technical know-how. We are specialists in the field of materials and their application. We provide engineering information, architectural application advice, and metallurgical service at every one of our district offices.

We can assist you in selecting, from our 10,000 different steels, the proper steel with the required metallurgical and physical characteristics to serve the form and function you want to design into end products.

Moreover—although we do not and will not presume to displace the valuable service of industrial designers—which, incidentally, we ourselves use in our own business—we can assist you in selecting the proper steel for the esthetic qualities you wish to achieve in the form, features, and function of the product you are designing.

Let me give you some examples of how these amazing new steels and this comprehensive application engineering service have worked out to the benefit of steel users. Working with one company we have helped designers to create a steel residential door, using urethane foam as a core material. This door costs less than a wood door and as a result of the interest which was aroused at last year's home show in Chicago, it is now in production.

As you probably know, we retained Peter Muller-Munk to design a modern modular concept of office furniture in steel. You may be interested to know that when another designer saw Mr. Muller-Munk's creation, he seized upon the idea of applying what he saw in the steel office furniture to the design of a stove. Thus, design ideas are realized in many forms and in many materials. And when I say "many materials" I am thinking entirely of steels—because that is what our modern steels are—they are literally many different materials suited to many different uses and many different effects.

To help you achieve your aims in design, we have specialists in every field of steel technology: metallurgists, specialists in coating steel, in joining steel, in forming of steel, and in basic physics. We have available specialists in almost every use of steel one could name: automotive, public utility,

highway, architectural, packaging, household, residential construction, industrial equipment and machinery, transportation and containerization, and agricultural. All these men can help you make full use of steel's advantages.

Now, let's turn for a moment to some restrictions which sometimes prevent the designer from taking full advantage of the superb potentials of our new steels—potentials which can greatly improve the efficiency, appearance, and economy of the products you design.

I am referring to the multitude of codes and regulations, some of them obsolete, which are maintained by various organizations, including city, State, and Federal governments. I have no quarrel with codes as such. In most cases, they are necessary restrictions on individual freedom in the interests of public health and safety. But we do ask your cooperation with us in doing what you can to see that codes are brought up to date to recognize the properties of today's stronger and more useful steels.

There is a natural conservatism among code-writing bodies which is understandable and even desirable. But a code can be a crutch for a lazy mind to lean on, and there is always a tendency among less creative people to view innovators with suspicion.

But with the improved performance characteristics of the newer steels demonstrable by laboratory and field tests, there is no longer any reason why our codes should be less abreast of modern technology than, for example, the codes of Europe. So, when you find that you are not permitted to take full advantage of the performance potentials you know exist in the steels you want to use, you should consider urging a specification group or a government body to bring its code up to date.

But you must do even more, I believe, if you are to maintain your integrity and freedom as a designer. You must do more than know the materials available to you. You must do more than advocate the removal of obsolete code restrictions, which prevent your using those materials to full advantage.

These limitations, hampering as they are to your creativity and freedom as a designer, are far less threatening to your design career than another more fundamental, more menacing trend which threatens your freedom as a designer, your liberty as an individual, and the future of your country as a free Nation.

I have described the designer's functions as providing fitness in form, in function, in materials, and in techniques for the end products of our civilization. His art aims to produce useful things of beauty. But success in these objectives does not alone assure the future of design nor the future of industrial design as a profession.

The whole essence of the designer's art is choice—the whole usefulness of the designer to society depends upon his ability and his freedom to choose function rather than fiction, to choose beauty rather than ugliness, to choose satisfaction instead of frustration.

Choice is not only the essence of the designer's art, it is also the root of man's freedom. Thus, you, as designers, must ardently defend your own freedom of choice by adopting, as one of your chief concerns, the freedom of choice for all other men in society. In the words of William Allen White, "Liberty is the only thing you can not have unless you are willing to give it to others."

Why are designers especially responsible for freedom and why should they be especially responsible to a call upon their efforts in freedom's defense?

The designer occupies a unique position among the professions of our time. He stands at the junction point of all the work and thought which lead to the progress of our society. The designer is the bridge be-



tween art and science, between industry and the civilization to which society—or at least its thinking members—aspire.

The designer, even more than the artist, is the bridge between the material and the spiritual.

As Goethe said, "On and within the earth we find material to fulfill the highest earthly needs, a world of matter devoted to the cultivation of man's highest faculties. But on that road of the spirit will be found always sympathy, love, and well-regulated free activity. To stir these two worlds to confront one another, to manifest their reciprocal qualities in the transient phenomena of life, that is the highest stature to which man must develop."

That is the stature to which industrial designers must aspire, to stir these two worlds to confront one another—but note that this requires, to use Goethe's words, well regulated free activity.

What Goethe is saying is simply this: The designer must be under discipline, but the discipline must be his own. Goethe did not say "well-regulated by the government"—he said, "well-regulated free activity."

Thus, the designer must possess a dedication to freedom. No designer who respects the integrity of his profession can approve of compulsion over the creative energies, activities, and choices of men. For the true designer, as for the true philosopher, compulsion must be limited to the minimum required for the prevention of force or fraud by the few against the many, or by the many against the few.

But today the prevailing ideology of our times seems to favor compulsion over more and more of man's activities, more and more limiting of his freedom of choice. Confusion surrounds the popular concept of freedom and wraps it in a suffocating coat of compulsion and shields it from the invigorating winds of challenge and reality.

Often there are many possible designs for a product, but there are only two basic designs for the organization of society: one is a system of compulsion, or slavery—the other a system of freedom, or voluntary cooperation through contract. There is no permanent "middle way."

At this moment, our Nation is trying to decide which path it will take—the path of greater compulsion or the path to greater freedom.

What will be the future design for our society? This is the overwhelming problem facing the industrial designer and every other creative person—artist, teacher, thinker and producer in our land.

There is no doubting the path we are following at this moment. We are marching rapidly down the path of compulsion—and by popular vote.

If you feel a sense of frustration in the practice of your profession, if you feel that limitations upon your liberty are impeding your progress, is it not possible that these frustrations stem from the compulsions placed upon you as an individual and a taxpayer, and upon your clients or your employers whose enterprise is being stifled by bureaucracy, wasteful Government spending, and even outright discrimination against those who want to work with freedom from compulsion?

Our Creator sublimely designed men and women to be free and their faces and bodies to be beautiful, and their freedom of expression, creativity, and action to be a part of that beauty. But today we have denied this dignity of the individual in much of our American life—and the dignity of the individual person, in much of the world beyond our shores, has been destroyed by political, economic, and spiritual slavery.

In our own country we speak of "the economy" as if it were a machine and we chart its "growth" in dollars of "gross national

product," which are as fictional in meaning as they are diluted in real value by inflation. We ignore the reality that the economy is not only products—even more it is people—and economics is not statistics but rather the material manifestation of human action and the satisfactions underlying freedom of choice.

Instead, some people would treat economics as if it were "ego-nomics" in which the free decisions of people in the market are replaced by the egocentric dictates of government bureaus and commissions. Which leads me to ask: Have you ever thought about the slight difference—insofar as its effect upon man's economic condition goes—between the choice-destroying ruling of a commission and the choice-destroying command of a commissar?

If designers are to preserve their integrity and their freedom they shall, I believe, have to understand that freedom of design—like freedom of speech or of religion—cannot long exist without economic freedom. They shall have to realize that a state which begins by dictating economic action ends by dictating every action—for there is scarcely any human action which does not have an economic aspect. There is no free press where there are no free presses. There will be no freedom in design if there is no freedom for designers.

So, designers will have to help in the struggle—and it is a struggle, I assure you—to persuade the people of this nation to gain economic understanding. Perhaps, I should say "regain" economic understanding, for this is a matter of old fashioned common sense, not erudition. Too long we have operated on the apparent theory that the possession of specialized knowledge is the equivalent of an education—and that such an education relieves a man of the need for using his intelligence. For understanding we have substituted slogans; for synthesis and comprehension we have substituted semantic symbolism.

All through the ages, man has been coerced, enslaved in one land after another. And now a newer, more ominous slavery threatens to engulf the world. And in our own country, cult of growth for growth's sake, parading as progress, but looking very much like the statism that other lands have accepted, is loudly proclaiming its supposed superiority over our traditions of individual dignity and liberty.

Here is a challenge for today's designer. Here is man's most daring design—the design for the freedom of the human spirit and the creative energies of free people. Here is a challenge for the designer who would aspire to the highest achievement of his art. The designer has liberated modern man from the ornate monstrosities which cluttered up the lives of his 19th century forebears. He has given the gift of his art to every well-designed product of this modern day and has placed pleasure, movement, and beauty in the products man uses, in the planes he flies, in the homes where he dwells. Will he be content to be confused in his economic thinking and behavior while he tries to be clear in his art?

I do not think so. I think he will want to join his freedom-seeking fellow men and strengthen the bridge between art and knowledge. I think he will want to strengthen that bridge so that men can move more surely toward the freer use of their energy and creativity.

If I should be wrong—if designers should confine their attentions to their purely professional concerns, then the sea of vulgar taste, vulgar thought, vulgar art and design—and the coercive political and economic philosophies under which they thrive—will engulf the designer along with all of his fellow citizens. We shall become as drab as Russia—or worse. It is no coincidence that decadence in art, delinquency in youth,

decay in morals, and deterioration in economic and political freedom are often found together.

It is in your hands, now, today, to help fashion a new edifice of human freedom that will survive the onslaught of creeping communism surrounding us without and the creeping coercion and collectivism trying to socialize us from within. It is in your hands—and in mine—and in the hands of all of our fellow men to face our moment of truth.

What are the alternatives before us?

One is the soft and slippery slide down the slopes of welfarism into the slough of socialism—and from there into the engulfing quicksand of communism.

The other is the long road reaching upward to the design of man's full and final freedom. It is a steep and tortuous trail leading to the top of a beautiful but rugged mountain, its peak hidden in the white clouds of the future. This is a rough road, difficult with duty, serious with study, fervent with dedication but glorious with achievement. It is the only road a man with self-respect can take.

I have no doubt which road the industrial designer will choose.

## The Goal of the True Conservative Is To Help Man Achieve Happiness

### EXTENSION OF REMARKS

OF

HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. ALGER. Mr. Speaker, there are many definitions today as to what we mean by conservatism and what a true conservative stands for. If I had to find a one-word description of the goal of conservatism, I would say it is "happiness." Our Founding Fathers said it clearly in the Declaration of Independence when they put forth as a stated objective, "the pursuit of happiness." They referred, of course, to the ultimate in happiness which man attains through the opportunity of complete development of the whole man as so ably described by Senator BARRY GOLDWATER in his book, "Conscience of a Conservative." An individual can reach full development only in a free society such as envisioned by the framers of our Constitution. The conservative, therefore, believes it is essential that Government stay within the bounds set for it in the Constitution so that individual rights will be protected and each of us will have full opportunity to become whatever we desire in order to reach the fullest enjoyment of happiness. Happiness is synonymous with a system of limited government which permits human beings maximum freedom to do what they want, and go when they want commensurate with extending the same freedom to others.

The following article from the Wall Street Journal offers some food for thought on conservatism:

#### CONSERVATISM—REAL AND UNREAL

It is a familiar phenomenon that any movement will generate its own extremists or attract them to it. And, the world being



as it is, the extremists sometimes get more publicity than the real representatives of the movement.

The "liberals," as the word is currently used in American politics, have long had this problem. And now the "conservatives," enjoying a boom in the country if not in Washington, are having a taste of being linked to extremists.

So perhaps it may be useful to take a brief look at what does constitute the main stream of contemporary conservative thought. It is, of course, no single, rigid body of doctrine; as Prof. David McCord Wright notes in *Modern Age* magazine, it is "a spectrum of thought, not a single beam." In other times some who would today be called conservatives were called liberals, and today some of conservative view find the conservative label unsatisfactory. The label is only a convenience; what matters is the thinking.

In any case, conservatism is—and this the liberals rejoice in overlooking—a highly intellectual movement. Both historically and at present it embraces, under whatever label, some of the world's most brilliant minds in the field of economics and politics. Locke, Burke, Mill in the past; Von Mises, Hayek and a host of others today. Many articulate conservatives teach at universities, and in recent years there has been a new surge of conservative opinion among college students as well.

Most conservatives would agree on certain fundamental principles, whatever their other differences. They start from a philosophy of man which puts the stress on his individuality and diversity, and from this it follows that his fullest development will be in conditions of maximum economic and political freedom.

How is it, then, that conservatives are sometimes viewed as reactionaries hankering for an unattainable past? Partly, no doubt, because of the extremists. As for the main stream of conservatism, this view is a misapprehension.

Conservatives do indeed value order in a society, and only a foolish society would not; devising institutions that combine order with maximum individual liberty is one of man's more complex intellectual undertakings. They do value the teachings of the past, as it would not be very intelligent to ignore them. While they do not oppose change, they do oppose reckless or thoughtless political and economic tinkering.

That is the exact opposite of a reactionary view. After all, what conservatives today want to conserve is the most revolutionary body of political thought on record—the doctrine of freedom as expressed in the writings of this Nation's architects.

It must be said that history provides much support for the conservative view. The great threat to man's freedom has always been the power of the state. There is a danger in the constant encroachments of the central government; how can there not be a danger? Order preserved by a reasonable degree of government is one thing; but constantly growing state power can only be at the expense of the individual.

So there is nothing negative about opposing that trend and urging a Jeffersonian limited government. That is only another way of saying that the fullest prospering of the individual and the community depends on staving off all-powerful government.

For our part, it matters little whether or not we are called conservative. What we are, however, trying to say is that the approach to life which is usually called conservative is an intellectually respectable movement firmly grounded in commonsense and man's experience.

It has nothing in common with authoritarian secret societies or with strident, indiscriminate accusations of communism, al-

though conservatives are the strongest foes of communism. Yet individuals and groups like the John Birch Society are being publicized as conservatives and exaggerated out of all proportion to their significance. If some of these people sound a little silly when they go around appealing for the impeachment of the Chief Justice, it is no less silly to regard them as some kind of threat to the Nation.

The groundswell of genuine conservative thinking in America is a healthy thing, particularly at this time. It will be a pity if a few extremists, abetted by exaggerated comment, succeed in distorting its meaning.

## A Second Look at the President's Council of Economic Advisers' Economic Theory

### EXTENSION OF REMARKS

OF

HON. THOMAS B. CURTIS

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

Mr. CURTIS. Mr. Speaker, Dr. Arthur F. Burns, professor of economics at Columbia University, president of the National Bureau of Economic Research, and former Chairman of the President's Council of Economic Advisers, has analyzed and taken exception to the economic views presented by the current Council of Economic Advisers headed by Dr. Walter Heller. On April 27, CONGRESSIONAL RECORD, pages A2885-A2887, I inserted Dr. Burns' first commentary, as it appeared in the Morgan Guaranty Survey, on the Heller Council's views in the CONGRESSIONAL RECORD. The reply of the Council was placed in the RECORD on June 15, CONGRESSIONAL RECORD, pages 7833-7836, by Senator PAUL DOUGLAS, of Illinois. The reply, and Dr. Burns' further comments appear in the August issue of the Morgan Guaranty Survey. I should like at this time to place in the RECORD the second look which Dr. Burns has taken at the Heller Council's economic theory.

### A SECOND LOOK AT THE COUNCIL'S ECONOMIC THEORY

(By Arthur F. Burns)

In my Chicago address of April 21, which was largely devoted to a report by the Council of Economic Advisers released on March 6, I expressed concern about the economic theory that underlies the major policies of the new administration. The Council has now issued a reply to my critique. It is a serious and closely reasoned reply, as was to be expected. But while it clarifies some issues, it beclouds others, and it has left my concern undiminished.

#### THE CHICAGO ADDRESS

It will contribute to clarity, I think, if I summarize at the outset the main points of the Chicago address:

1. The economic policies espoused by the Council are based on the theory that there is "chronic slack" in our economy, that there is a "growing gap between what we can produce and what we do produce," and that this gap has shown "especially since 1955 . . . a distressing upward trend." Hence, in the Council's judgment, "economic recovery in 1961 is far more than a cyclical problem"; that is, our Nation has to cope not only

with a recession and its aftermath, but also with a problem of secular stagnation.

2. Before accepting this theory, it is desirable to examine the evidence cited by the Council in its support—namely, the duration of successive upswings of the business cycle, the level of unemployment at successive cyclical peaks, and the magnitude of the gap between what we can and what we do produce. When this evidence is analyzed, it turns out that the Council's theory rests fundamentally on the fact that the business-cycle expansion of 1958-60 was exceptionally short and incomplete. Although this is a disturbing fact, it provides a slender basis for a theory of secular stagnation.

3. Not only that, but there is a better explanation of what happened between 1958 and 1960 than is offered by the neostagnation theory. Although many factors contributed to the unsatisfactory character of this expansion, three developments were decisive: First, a violent shift in Federal finances after the first quarter of 1959; second, a sharp tightening of credit conditions; third, the protracted steel strike.

4. We have, then, two very different interpretations of recent economic developments. According to the theory just sketched, the early onset of recession was due to special factors that need not be repeated. According to the Council, on the other hand, the early onset of the recession provides one more symptom of the chronic weakness of our economy.

5. The two theories have different policy implications. On the basis of the Council's theory, "We face a stubborn problem of chronic slack, and the road to full recovery is a long one." On the basis of my interpretation, the current problem of recovery is not very different from the problem we had to face in 1949, in 1954, and again in 1958.

The rest of the Chicago address dealt with policy issues explicitly. Before returning to this subject, it is desirable to stop and see whether, or in what degree, the basic issues of fact and interpretation have been resolved by the exchange of views.

#### THE COUNCIL'S REPLY

One way of reading the Council's reply is as follows: Since the Council agrees with the interpretation of the incomplete expansion of 1958-60 which I had presented as an alternative to its theory of a growing gap between what our Nation can produce and what it does produce; since the Council no longer speaks of a distressing upward trend in the gap, nor of chronic slack in the economy; since the Council's defense of the evidence originally presented to support its theory is confined to the statistical procedures of estimating the gap; since even this defense emphasizing the size of the gap in the fourth quarter of 1960, when the existence of a gap of some size is not in dispute; since the Council no longer claims that the problem of recovery in 1961 is far more than a cyclical problem; since the Council also agrees that the problem of speeding recovery is not very different from that faced in earlier recessions of the post-war period, but merely urges that we try to benefit from past mistakes; since the desirability of achieving a higher rate of economic growth or of meeting urgent national requirements, such as a stronger defense, is not at issue; in view of all this, it would be possible to conclude that the Council and I have now reached substantial accord in our diagnosis of the state and needs of the American economy.

Regrettably, this is not the only way of reading the record. All things considered, it is better to take the Council at its word on what is chiefly at issue than to speculate on the precise meaning of its pronouncements or reticences on subsidiary issues. The Council states plainly, and without any



qualifications, that it considers its earlier analysis to be "sound" and my criticism "mistaken." Not only that, but the Council defends stoutly its gap estimates and even refers, in the course of discussing a technical point, to the "growing gap." Since it is clear that the Council believes its own gap estimates, it must still believe that, quite apart from the recession, there is chronic slack in our economy. It must still believe that the gap between what we can produce and do produce has been growing, that economic recovery is therefore far more than a cyclical problem—in short, that unless the Nation attends to the Council's warning, our economy faces a problem of secular stagnation. The Council's theory has not lost its true character—nor its capacity for good or evil—by appearing in a more technical dress.

#### INTERPRETATION OF THE POSTWAR PERIOD

In the Chicago address I attempted to test the soundness of the Council's theory by examining the individual blocks out of which the theory is built. I doubt whether much enlightenment can be gained by discussing in detail the individual points of the Council's reply. It will be more useful, I think, to take another look at the general architecture of the Council's theory, and to test it by examining its implications for events about which we have some definite knowledge. If the Council's theory is sound, it should provide a reasonable interpretation of the American economy in the postwar period. Let us see whether it does this well enough to serve as a guide to current policy.

According to the Council, the potential output of our economy has grown at an annual rate of 3.5 percent since the first quarter of 1953. The Council's report of March 6 shows these estimates in graphic form, quarter by quarter, through 1961. In earlier years, that is, between 1947 and 1953, the growth of potential output is said to have been more rapid, proceeding at an annual rate of 4.3 percent. Although the Council has not presented estimates of potential output for the earlier period, this can easily be done by splicing the 4.3 percent growth curve to the 3.5 percent growth curve in the first quarter of 1953.<sup>1</sup> With these records at hand, we can see how the actual output of our economy differed from what the Council tells us was its potential output, quarter by quarter, since 1947.

This comparison leads to the following results: From the beginning of 1947 through the first quarter of 1951, actual output was below the potential output. From the fourth quarter of 1953 through the second quarter of 1955, a gap again emerged. Finally, starting with the first quarter of 1956, a gap appears in every quarter up to the present time. The Council has summarized the record since 1953 by reporting that, "especially since 1955, the gap has shown a distressing upward trend." The Council has not commented on the gaps of the earlier period. But it is clear that, if the Council is right, the gap has persisted even longer than it has reported. Indeed, it appears that our Nation has suffered from insufficient spending—let us keep in mind that the Council

attributes the gap to a deficiency in total demand—throughout the postwar period, except for the interlude of the Korean war and a few months in 1955. Or to put this conclusion in another way: with one very minor exception, the American economy of our generation has succeeded in escaping from its chronic, persistent slack only during wartime.

This picture of the American economy as being characterized by chronic slack, caused by a chronic deficiency of demand, strikes me as a caricature. I may, of course, be mistaken. But I simply do not know how to reconcile this picture with the growth of our gross national expenditure, which more than doubled between 1947 and 1960; or with the increase of indebtedness, counting both the private and public sectors, from about \$400 billion at the start to almost \$900 billion at the end of this period; or with the rise of the consumer price level by nearly 40 percent, of which only about a third occurred during the Korean war; or with the growth of real output of about 60 percent; or with the growth of employment of nearly 10 million; or even with an average unemployment rate of 4.96 percent—an average which omits the protracted Korean episode, but includes all the recessions of the postwar period, and is based throughout on the current definition of unemployment, rather than the more restrictive definition which ruled until the end of 1956.

These doubts are not relieved when I contemplate the remedy, required by the Council's theory, for the allegedly chronic deficiency of demand. This remedy takes no account of the specific causes of the deficiency. It calls merely for the application of "standard fiscal and monetary measures"—in other words, lower interest rates, a more rapid increase of the money supply, larger Federal expenditures, possibly also lower tax rates, in one combination or another. Surely, expansionary fiscal and monetary measures were not neglected during the postwar period. But if the Council's theory is right, they were applied on an insufficient scale or less steadily than the proposed governor of policy—that is, the gap in demand—required. Even in years of boom, such as 1947 or 1956, it appears that the Government would have needed to augment the Nation's aggregate demand.

But if such policies had been followed, would not the pace of inflation have been faster, perhaps very much faster? I have no doubt that, in these circumstances, the rate of unemployment would now and then have been materially reduced. Yet I find it difficult to believe that the average rate of unemployment over the entire period would have been any lower, or that the average rate of economic growth would have been any higher, or that the distribution of our national income would have been more conducive to general welfare, or that the deficit in our balance of payments would have been any smaller, or that the dollar—which has come to serve as an international reserve currency—would still command much respect.

The test of experience to which I have subjected the Council's theory is not very reassuring. If it be thought that the test is severe, I can only say that a theory designed to guide the Nation's economic destiny deserves nothing less. However, the implications that I have drawn from the Council's theory must not be confused with the Council's own thoughts about this or that year or years. I should expect that, when faced with an actual situation, the Council would neither take its computations as literally as I have, nor carry out the logic of its theory as remorselessly. However that may be, it appears from my test that the Council's method of diagnosing the state of the economy and its prescription for filling arithmetically contrived gaps in demand can lead to serious errors of policy.

#### POLICIES FOR ECONOMIC RECOVERY

Equipped with a theory of chronic slack in the economy, lacking faith in the capacity of private enterprise to generate full employment, anticipating a slow recovery, the Council has—quite logically—been urging a rapid expansion of Federal spending. My differences with the Council on the budgetary issue run deeper than the Council has indicated.

Let us note what is happening to Federal expenditures. Each official estimate of recent months has been a notch above the preceding one. The latest increase came on July 25, when the President announced that an additional appropriation of \$3.5 billion would be requested of the Congress. Before this announcement, Federal cash payments to the public during the fiscal year 1962 were expected to be \$7.8 billion higher than in fiscal 1961, when they in turn were \$5 billion higher than in fiscal 1960. Again, just before July 25, the Federal cash deficit was expected to reach \$4.8 billion this fiscal year. Allowing for upward revision of revenues, the deficit may now be estimated at \$6.5 billion.

It may well be that the deficit will turn out to be still larger. Reversals of expenditure policy frequently result in overshooting the mark set by fiscal authorities. The present Congress seems reluctant to grant all the additional revenue the administration has requested. More serious still, as the international situation leads to new and perhaps much larger spending on national defense, it is by no means clear that governmental outlays on objects of lesser utility will be curbed. The Council has stated that "all governmental programs must meet the severe test of social priority relative to other public and private uses of the Nation's economic resources." It does not appear that this test is proving very severe. Just 1 day after the President made his momentous address on July 25, the House Labor Committee voted for a Youth Conservation Corps along the lines of the Civilian Conservation Corps of the depressed 1930's. The climate for larger governmental spending is now good, and the Council has helped to provide a theoretical justification for it.

Whether or not my speculations turn out to be valid, it is clear that Federal finances—as was to be expected on account of the recession—have recently deteriorated. Allowing for seasonal factors, the Federal cash budget registered a surplus at an annual rate of about \$5 billion in the third quarter of 1960. From January through May of this year, however, a deficit at an annual rate of nearly \$7 billion has emerged. A sharp turnaround in Federal finances has therefore already occurred. And the deficit is not only growing, but for some months must continue to grow.

Meanwhile, the economy at large has been experiencing a revival since February. The recovery is widespread and is proceeding at a rather brisk rate. Total production already exceeds the prerecession peak, and total employment is not far behind. It appears, therefore, that the bulk of the new spending commitments by the Federal Government will come to fruition, not in a time of recession for which many of them were intended, but when recovery is well advanced and the economy is expanding of its own momentum—perhaps when it is already booming. New or additional governmental programs characteristically require only a modest expenditure at the start, then grow rapidly as the organization of the new activity is worked out. The full fiscal consequences of the new spending ventures lie, therefore, very much in the future.

But if governmental spending programs have a typical life history, so also has the business cycle. One of the normal features of business cycles is that the general price level tends to rise during expansions. Perhaps the present upswing will prove an exception,

<sup>1</sup> The Council reports that, between the first quarter of 1947 and the fourth quarter of 1953, real output grew at an annual rate of "nearly 4.5 percent" and that "this is a reasonable approximation to the rate of growth of potential during the early postwar years." Since the Council's appendix shows that "nearly 4.5 percent" means 4.3 percent, I have used the latter figure. I have spliced the 4.3 percent curve to the 3.5 percent curve in the first instead of the last quarter of 1953, because the Council's explicit estimates of potential output are already based on the 3.5 percent curve back to the first quarter.



but as yet I know of no evidence to support this supposition. With the private economy recovering, with Federal spending already rising swiftly, with expectations of inflation beginning to spread once again, I see a greater likelihood of an upward spurt in the price level during the coming year or two than does the Council. Under ordinary conditions, having become accustomed to creeping inflation, we might not worry about another limited rise of the price level. But the state of our international balance of payments has complicated matters. In view of its precarious condition, even a modest renewal of inflation could now prove very troublesome. If our export surplus should decline appreciably, while the government continued a policy of steadily filling calculated gaps in demand, insistent pressures may arise for factfinding boards to review planned increases of wages and prices—which would, of course, be a step toward reshaping our economy along lines of authoritarian control. Few people want such a change, certainly not the President or his Council of Economic Advisers, but economic and political forces released by our fiscal policies could move our Nation in this direction.

It is true, as the Council has pointed out, that the Federal deficit in sight for fiscal 1962 is considerably smaller than it was in fiscal 1959. But what concerns me is that, in spite of the deterioration of our international financial position since 1958, the governmental approach to recession in 1960-61 has been so similar to the mistaken approach of 1957-58. Now as before, a quick reduction of taxes was talked about but never made. Now as before, the main emphasis of governmental policy has been on raising expenditures. Now as before, the spending stimulated by recession will outlast it. Now as before, programs to accelerate expenditures have proliferated—with more not only for defense, but also for public works, housing, education, research, unemployment compensation, and so on. Now as before, decisions to increase spending have not been taken all at once. Now as before, they have come in a long series, spread out over months, with few items of impressive magnitude taken by themselves. But when all the scheduled expenditures were finally added up in late 1958, they came to a much larger total than had been planned or advocated by our fiscal authorities. There is still hope that this will not happen when the accounts are struck late this year; but I cannot overlook the unexpected spurt of expenditures toward the end of fiscal 1961, or the fact that official estimates for fiscal 1962 have already had to be revised upward several times.

I have recalled the recession of 1957-58 because governmental policies for dealing with it have had consequences from which, in my judgment, our Nation is still suffering. In late 1958 the European financial community, discovering that our money supply was rising sharply and the Federal deficit piling up at a time when our export surplus was dwindling and gold flowing out, first began to whisper serious doubts about the future of the dollar. The need to quiet this concern and prevent a possible gold crisis was largely responsible for the highly restrictive fiscal and monetary policies put into effect in 1959. These policies inevitably involved a risk of slowing down our economic expansion to a point that could lead to recession. As events turned out, they, together with the steel strike did, in fact, lead to a mild and brief recession. The Council and I agree on this point. However, the Council also believes, if I have understood its thinking correctly, that the expansion could have continued to roll on during 1960 if only the Government had undertaken larger spending in 1959, instead of curbing outlays.

But would not such a policy have hastened the economic and political disaster that

the Government sought to avert and, in fact, did avert? The heart of the problem of economic policy in early 1959 was that in the eyes of investors, particularly foreigners who do not need to continue holding billions of dollars here, our Government was already spending too much. It was the very fact that governmental spending kept climbing long after the recession had ended, with the cash deficit soaring to an annual rate of over \$15 billion in the first quarter of 1959, which caused fears of inflation and of possible devaluation of the dollar to spread, thereby forcing an abrupt shift of policy. I fail to see how the Government could responsibly have followed any other course in 1959, although I do think that the shift need not have been so abrupt. It was not in 1959 that the fundamental mistake was made, but rather in 1958 when new governmental programs were piled up with little regard to their cost or future consequences.

The lessons of this recent episode should not be lost on us. It is precisely because the ways in which we fight recession have longer run consequences that we must not permit even compassion for the unemployed to lead us into actions which, while immediately beneficial, may seriously injure the entire population a little later. At a time such as this, when the possibility of a devaluation of the dollar is widely discussed in business and financial circles, I do not think it is prudent to continue enlarging Federal spending programs. Since defense outlays must go up, other programs should be cut. Since our economy is recovering and employment is again rising, we can with good conscience subdue our impatience for economic improvement. Past experience is a very imperfect guide to the future, but I think that it can serve us better than the Council's bleak forecast based on its projections of potential output. If the current expansion follows anything like the rule of postwar recoveries, and this assumption seems no less reasonable today than it did 3 months ago, our economy should come close to having full employment toward the end of next year.

#### PROBLEM OF ECONOMIC GROWTH

The time has come to stop fighting the recession, to say nothing of fighting it on the theory that it is superimposed on a chronic deficiency of demand. Let us concentrate economic thought instead on a real problem, that of increasing the average rate of our economic growth. The Council has rightly been devoting a good deal of attention to this longer range problem. Its call for a high investment economy, a high research economy, a high education economy makes good sense to me, although I am not entirely happy with the apparent implication that the only path to greater future efficiency is to spend more public or private money currently.

The prosperity of a nation depends basically on the energy and skill with which people apply themselves to production—in other words, on the amount of work that is done and the efficiency with which it is done. The Government can sometimes influence the outcome favorably by doing more and spending more, but it can sometimes also do so by spending less. The success of governmental policies to spur our economic growth will depend primarily on how effective they are in increasing confidence in the economic future, thereby stimulating people to use their brains, energy, money, and credit in building today for a better tomorrow.

To achieve a higher rate of economic growth, we need to give no less attention to the reduction of governmental obstacles to growth than we give to the devising of new governmental stimuli to growth. Whatever the defects of our public expenditure programs may be, whether on the quantitative or qualitative side, the Executive and

the Congress at least go through the process of reexamining most of them every year. As far as the tax structure goes, there is much greater reluctance to rock the boat. Except for occasional and marginal adjustments, we have continued year after year a tax structure that practically every student knows is seriously defective. It is high time to carry out a thoroughgoing tax reform—a reform that, among other things, will serve to improve the economic climate for enterprise and investment at large, instead of on a curiously selective basis, as in the administration's recent proposal.

Of the many reforms that are needed, I think two are especially important. First, the tax rules governing depreciation need to be amended, so that they will take realistic account both of our technological revolution and of inflation. Second, the tax rates on personal income, which for some brackets of income are nearly confiscatory, need to be generally and gradually reduced, so that personal incentives to great effort will be strengthened and the energy now expended on tax avoidance schemes may be turned back into productive channels. It should be possible to carry out such reforms without impairing tax revenues beyond the initial year. But if this cannot be done, a low but broadly based excise tax will produce substantial revenue without blunting the incentive to enterprise.

I agree with the Council that we need to enlarge the national effort devoted to scientific research and basic education, but I feel that we need also to become far more efficient than we have been in conducting our educational enterprises. We need to hasten adaptation to changing technology by undertaking extensive training programs for unskilled workers in our individual communities, as well as retraining programs for industrial workers whose skills have become obsolete. It also would be constructive to stimulate the smaller firms, which are counted in the millions, to practice greater efficiency. With proper organization, our colleges of business administration should be able to render much the same kind of assistance to small businesses that our agricultural colleges have over many years rendered to farmers.

We need to become less tolerant of the wasteful practices that we have allowed to develop all around us. I am referring not only to restraints on efficiency imposed by trade unions in railroading, construction work, and other industries, but also to the featherbedding not infrequently practiced by business executives, and to the roadblocks to efficiency that have been put up by our Government, of which the farm program is only the most notorious example.

Since economic growth is bound to proceed unevenly, we must try to stiffen the resistance of our economy to occasional setbacks. In 1958 and again this year the Congress extended the duration of unemployment benefits, although it did so through tardy improvisations. Before the next recession strikes, as in time it probably will, our country should at least be armed with an unemployment insurance system that covers practically all wage-earners and automatically provides for extended benefits during periods of abnormally large unemployment. The President has wisely recommended legislation that would move our Nation in this direction.

Under present conditions of world competition, a reasonably stable price level would also help to promote the long-term growth of our economy. It would therefore be desirable to amend the Employment Act by specifying that it is the continuing policy of the Federal Government to promote reasonable stability of the consumer price level as well as maximum production and employment. Such a declaration of moral purpose would help to assure everyone, both in our



country and abroad, that our Government has a proper concern for the future as well as the present.

These are some of the things that need to be done to enlarge and sustain prosperity. But as we work for a better future, let us not exaggerate the shortcomings of our economy or belittle the achievements of the past. In the postwar period our economy has extended, if not improved on, its historic rate of growth. It has demonstrated its great resilience by speedily filling the gap left by declining Federal expenditures when World War II ended and, a few years later, when the Korean hostilities came to a close. Perhaps the greatest economic triumph of our generation, although we too often show little appreciation of it, is the reduction of the swings of the business cycle and the blunting of their impact on the lives and fortunes of individuals. We should strive to do still better in the future, and I am hopeful that our efforts will be rewarded by success. But if it turns out that we fail to achieve all the improvement we seek during the 1960's, yet do no worse than in the 1950's, our accomplishment will still be very substantial and require neither remorse nor apology.

#### APPENDIX

I am appending the following notes for readers whose interest may center on technical points. They deal primarily with the gap estimates and with alternative methods of estimating when full employment may be reached. I have also added a few remarks on the theory of secular stagnation and recovery policies.

#### THE GAP ESTIMATES

The Council's gap estimates, starting in the first quarter of 1953, were derived by equating potential output to the actual output in mid-1955, then allowing the curve of potential output to ascend at an annual rate of 3.5 percent, and handling the period back of mid-1955 in similar fashion. The gap is simply the difference between actual and potential output.

In the appendix to its report of March 6, the Council spoke of its estimates of potential output, including the historical estimates, as being based on calculations that "are at best hazardous and uncertain." The text of the Council's report, however, did not heed the warning of the appendix, thus making my and other criticism inevitable. Now the Council makes a larger claim for its estimates of potential output—namely, that they are "reasonable," that they are "derived from careful quantitative studies," and that it therefore has "confidence in its trend projection."

On what quantitative studies, it is pertinent to inquire, did the Council base its estimate of an annual rate of growth of 3.5 percent in potential output? The Council gave a sketchy answer to this question in its original report and no information has been added by its reply. What, then, is the visible basis for the confidence which the Council now expresses in its historical estimates of potential output? The answer to this question consists of two parts.

First, the Council reports that these estimates imply "gaps which bear a close and reasonable relation to observed rates of unemployment in 1960 and previous years." This claim is excessive. According to the Council, an unemployment rate of 4 percent marks a period as having full employment. In mid-1955, when the unemployment rate was about 4 percent, the Council's estimate of potential output shows virtual equality with actual output, as it should. But when we move on, we find that the estimates of potential output soar above the figures of actual output throughout 1956 and throughout the first half of 1957, despite the fact that the seasonally adjusted unemployment

rate in 11 of these 18 months was as low as or lower than in mid-1955 (when it was 4.1 percent). These oddities suggest that 3.5 percent overstates the annual growth of potential output, or than an exponential curve is a poor representative of potential output, or else that the concept of potential output itself requires modification. Even the Council's own equation, relating the unemployment rate to the gap, suggests that something is wrong. According to this equation, the gap vanishes at an unemployment rate of 3.7 percent, not—as it should by the Council's logic—at 4 percent.

The Council's report that its estimates imply "gaps which bear a close and reasonable relation to observed rates of unemployment" evidently means merely that the configuration of its gap estimates through time bears a general resemblance to the configuration of unemployment rates. But if this is what the Council means, no uniqueness attaches to its estimates; that is to say, several or many sets of historical estimates will meet this loose criterion equally well. For example, a curve of potential output ascending at an annual rate of only 3 percent, similarly pivoted in mid-1955, will certainly do so. I might add, for whatever it may be worth, that this 3-percent growth curve implies a gap of 5.3 percent in the fourth quarter of 1960, in contrast to the Council's reported gap of 8 percent.

Let us turn to the second part of the Council's visible evidence in support of its historical estimates of the gap. This consists of the finding that the several illustrative trends, which had figured in my criticism, yield gaps that do not bear a close and reasonable relation to rates of unemployment. The Council concludes that "this evidence strongly confirms" that its "choice of a trend line for potential output was not capricious." However, quite apart from the fact that none of my illustrative trends was suggested as a proper measure of potential output, a finding—whether well grounded or not—that these trends are faulty can tell us nothing at all about the statistical virtue of the Council's trend line for potential output.

The Council's own judgment in the appendix of its report of March 6 appears to be correct—namely, that its estimates of potential output "are at best hazardous and uncertain." It is difficult to see how estimates of this type could be anything but hazardous. Potential output, according to the Council, is "the output which could be achieved at reasonably full employment." Taken literally, this must mean that the potential output of a given period is the sum of (a) the actual output, (b) the additional output that could be achieved if the unemployment rate were 4 percent instead of, say, 6 percent, and (c) the further addition to output that could be achieved through greater efficiency of both labor and capital—apart from the which might be induced by (b). In this full sense, potential output is indefinitely larger than the sum of (a) and (b), this sum being what the Council has in mind by potential output. But even the latter quantity raises formidable difficulties. As far as (a) is concerned, we presumably know what it is. But how can we tell the magnitude of (b)? Not only is no answer given in official statistical publications, but no single true answer to this question is possible.

After all, the structure of a nation's output keeps changing. This is a particularly important feature of a free economy where people's demand may shift from automobiles to clothing to travel or whatnot. If the extra demand, which is implied by assuming that the unemployment rate comes down to 4 percent, were supplied by high-productivity industries, (b) would be one quantity. If the extra demand were concentrated on services supplied by low-productivity industries,

(b) would be another and perhaps much smaller quantity. Nor is this the only theoretical difficulty. The magnitude of (a) in any specific period must depend, among other things on the relations among the prices of both final products and productive services during this and earlier periods. But once we assume that (b) emerges, the price relations that played their part in determining (a) will no longer be what they were. Hence, (a) itself cannot be treated as a datum. In short, unless we specify the precise assumptions concerning the economic processes involved in making total output something other than what it was or is, the magnitude of potential output is strictly indeterminate. And once we set out the assumptions of a working economic order, although a unique result becomes possible, it would still be necessary to assess the significance and relevance of the assumptions.

I have no illusions about the difficulties surrounding a theoretically valid approach to the problem of estimating potential output—even in the Council's restricted sense. I recognize that if the task of measurement is actually undertaken, some vigorous shortcuts such as the Council used are unavoidable. I do not rule out the possibility of getting dependable results by this approach. However, I have reason to believe that even an improvement on the Council's method—that is, a multiple correlation of output, time, and the unemployment rate—will yield gap estimates that have an uncomfortably large dispersion. This is certainly the case with the Council's method, as chart 5 of its report of March 6 indicates. If all this is true of descriptions of the past, it should be still more true of projections for the future. At any rate, the enormous differences in the estimates of potential output obtained by students who have concerned themselves with this problem about warnings about the pitfalls that surround this field of measurement. I do not believe that the art of estimating potential output has reached a point that justifies the rewriting of the economic history of the postwar period, to say nothing of using such estimates as a basis for current policymaking.

As a matter of fact, in studying changes in economic conditions, it is necessary for experts to keep in mind the margins of error that attach even to measures of actual output—that is, the familiar statistics on the gross national product. Economists, no less than laymen, have gotten into the habit of assuming that there is only a single set of official estimates of the gross national product. In fact there are two estimates for every quarter, one arrived at from the expenditure side, the other from the income side. Since our statistics are imperfect, the two figures nearly always differ, sometimes by a disturbing margin. As far as expert knowledge exists on this subject, the figures derived from income data are neither better nor worse than the figures derived from expenditure data. Earlier publication and sheer convention, not science, have accorded the latter figures their practically exclusive sway. The Council's reply calls attention to the fact that its estimate of an 8-percent gap in the fourth quarter of 1960 was reached by more than one method. But no elaborate calculations are needed to show that this estimate may well be too high. For, even if the Council's figure of potential output for that quarter is taken as it comes, the mere substitution of the less familiar gross national product figure for the conventional one (as these annual rates are given in the June 1961 issue of *Economic Indicators*) would suffice to lower the estimate of the gap by \$4.1 billion, or from 7.7 to 6.9 percent.

#### WHEN FULL EMPLOYMENT MAY BE REACHED

The Council observes that "the distance to full employment . . . is the true measure



of the magnitude of the recovery problem" and that "the percentage gap at the trough of the 1960-61 recession was greater than at the 1954 trough but about the same as at the 1958 trough." However, "the distance to full employment" is indicated better by the unemployment figures than by the gap estimates—which are, at best, cloudy images of the unemployment figures. The highest quarterly figure of unemployment associated with the recession of 1960-61 was 6.9 percent, with the previous recession 7.4 percent, with the one before that 5.9 percent, and with the 1948-49 recession, which the Council ignores, 7.1 percent.

The Council states that "current evidence suggests that it is highly improbable" that full employment will be reached by the last quarter of 1962. Apparently the Council reached this judgment by projecting its curve of potential output to the last quarter of 1962, then comparing the estimate so made with an estimate of actual output in the second quarter of this year. The result obtained can be no better than the Council's 3.5 percent growth curve of potential output. A projection of this curve yields a gross national product of \$590.9 billion (annual rate, 1960 prices) for the last quarter of 1962. A projection of a similarly pivoted 3 percent curve, which meets every reasonable test as well as—if not better than—the 3.5 percent curve, yields a figure that is \$20.4 billion lower.

I believe that earlier business-cycle expansions provide a better basis than conjectures concerning potential output for judging when, if the current recovery continues to flourish, unemployment may reach a 4 percent rate. The trough in the gross national product during the 1948-49 recession was reached in the second quarter of 1949. In the third quarter of 1949, the seasonally adjusted unemployment rate averaged 6.6 percent. A year later, that is, in the third quarter of 1950, it was lower by 1.9 points. The drop in the unemployment rate over a corresponding interval of the business expansions starting in 1954 and 1958 was 1.8 points and 2.2 points, respectively. If, therefore, the current recovery follows approximately the course of the three preceding recoveries, the unemployment rate should be about 4.9 percent in the second quarter of 1962. Beyond this date, the three earlier expansions no longer give a useful clue. The first fails because of the outbreak of the Korean war, the second because full employment was already virtually reached, the third because of the outbreak of the steel strike. However, commonsense suggests, as does the behavior of unemployment rates during prewar expansions, that if the recovery continues with any vigor beyond the second quarter of 1962, unemployment may well reach or come close to 4 percent toward the end of 1962.

I have now set out the reasoning on which I based the statement concerning the prospects for full employment in the Chicago address. I should, however, add a word about structural unemployment. I have been inclined to agree with the Council's position that, as aggregate demand increases, what may now appear to be "an unyielding core of structural unemployment" will largely disappear. I still believe this to be true. Yet, some tabulations I have recently seen on the concentration of unskilled and semi-skilled workers in the long-term unemployed group have made me wonder whether the Council and I may not be underestimating the difficulties posed by structural unemployment. I for one have not studied this question sufficiently.

#### THEORY OF SECULAR STAGNATION

The Council observes (a) that its economic views cannot be justly described as a secular stagnation theory; (b) that it has attributed the gap to deficiencies in total

demand rather than to the deficiencies I had noted; (c) that it does not hold the view that the gap is "endemic" to the American economy; and (d) that one of its members had in fact informed the Joint Economic Committee that the Council "would not accept the idea that we have a chronic or growing longrun problem of unemployment but, rather, that we have a problem of unemployment that we can defeat."

As for (a), it may suffice to point out that theories of secular stagnation are distinguished by the fact that they characteristically posit a chronic failure of the economy (in contrast to a merely sporadic or cyclical failure) to produce all that it is capable of producing. That is precisely the way in which the Council repeatedly described our economy in its report of March 6.

As for (b), there is no sensible difference between my description of the Council's views (namely, that the basic reason for the alleged "growing gap" is the insufficiency, first, of investment in business plant and equipment, second, of public "investment"—that is, spending on education, health, research, and development of natural resources) and its own formulation, unless the Council believes that a deficiency of consumer spending is the basic reason for the gap.

There is no need to comment on (c), since the question whether the gap is "endemic" to the American economy is not involved in the present discussion.

I take it that the statement quoted in (d) refers to the future rather than to the past or present; for on any other interpretation the Council would be contradicting its own position (see the section on "The Chicago Address" in the text). I need hardly add that what is in question is the validity of the Council's theory that our economy has been suffering for years from a persistent, chronic, increasing slack—not whether such a condition, if it exists, can be corrected.

#### POLICIES FOR ECONOMIC RECOVERY

(a) The Council dissents from the view, which it attributes to me, that a particular increase of \$724 million in Federal expenditures, recommended for fiscal 1962, would court inflation and a gold crisis. This view has nothing to do with what I have said or implied. What has concerned me is the extension of definite commitments for substantially larger expenditures, taken in the aggregate, not this or that recommendation, appropriation, or outlay.

(b) The Council notes that I have ignored the "latent surplus"—which, I take it, means the surplus that would emerge under conditions of full employment if both tax rates and expenditures remained unchanged. The truth is that, in view of the upsurge of Federal spending, I have taken it for granted that the "latent" or "implicit" surplus will rapidly dwindle, if not vanish. That seems to be the way in which things are working out. If present expenditure trends continue, whether or not my expectation that full employment will be approximated by the end of 1962 is borne out, it will prove very difficult to balance the budget in fiscal 1963.

(c) The Council appears to argue that, in the event it becomes clear that further stimulation of the economy would lead to inflation, monetary and fiscal brakes can be applied to prevent this from happening. I wish economic policies could be timed and executed with such nice precision. If experience is any guide, Federal expenditures are rarely reversible; they are apt to move sluggishly when they do happen to be reversed; and there is often a substantial lag between the time when monetary brakes are applied and the time they take hold. In the meantime, the economy may be damaged by inflation.

### Testimony of Hon. Abraham J. Multer, of New York, Before the House Ways and Means Committee, August 10, 1961, on the Taxation of Mutuals

#### EXTENSION OF REMARKS OF

### HON. ABRAHAM J. MULTER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 10, 1961

Mr. MULTER. Mr. Speaker. I commend to the attention of our colleague the following statement I presented on August 10, 1961, before the House Ways and Means Committee on proposed changes in the method of taxation of mutual thrift institutions:

STATEMENT OF REPRESENTATIVE ABRAHAM J. MULTER, DEMOCRAT, OF NEW YORK, BEFORE THE WAYS AND MEANS COMMITTEE, U.S. HOUSE OF REPRESENTATIVES, AUGUST 10, 1961

Mr. Chairman, I want to thank you for the opportunity to appear here this morning to testify against the proposed revision of the method of taxation of mutual thrift institutions.

This is a matter of great concern and one which—I know—all of us wish to see resolved in the fairest, most equitable manner.

For many years the commercial banks have been agitating for a change in the tax laws as they apply to mutual thrift institutions, on the pretense that they were seeking to correct a tax inequity. What they have been seeking to do, and what they seek the aid of this committee to do, is to create for themselves a competitive advantage—I dare say, an unfair competitive advantage.

Their principal gripe, even though they will not put it that way, is that savings banks, savings and loan associations and credit unions, operated as mutual cooperative endeavors, are permitted to and do pay a higher return as dividends and interest to their depositors and shareholders than commercial banks pay as interest on their savings and time accounts.

If the commercial bankers should succeed in this endeavor, as presently being considered by this committee, the higher tax that will be imposed upon these mutuals will require them to cut back the return to the mutuals' depositors, thus improving the competitive position of the commercial banks.

It is maintained by the proponents of these changes that mutual savings banks and savings and loan institutions enjoy an unfair tax advantage over commercial banks. Assuming that this inequity exists, I suggest that we eliminate it. Assuming that there is a different tax base for commercial banks than there is for mutual banks and associations, then if the commercial banks can make proof of their case, the tax base for each should be equalized with the other. The only inequality, however, that any commercial banker has thus far pointed out to me is that the amount of reserves a commercial bank may charge off, before computing its tax liability, is less than that permitted the mutuals. The simple way to remove that inequality is to permit the commercial bankers the larger reserve deduction if they are entitled to it. Thus far, they have been unable to establish to the satisfaction of the Internal Revenue Service that their reserve deduction is too low or that it should be increased. That requires no legislative action. The Internal Revenue Service can right that wrong, if there is one. That there is none is best proven by the fact that the commercial banks are not seeking any



such change. Mutual institutions, like every other individual or group of taxpayers will never be heard to complain about the reduction of taxes, if it is done fairly and without discrimination.

We must not overlook that bank reserves serve a twofold purpose—one to provide liquidity and the other to assure solvency. (I ignore at this time the manipulation of reserve requirements by the Federal Reserve System for credit purposes, because that does not enter into the tax problem.)

The power to tax is the power to destroy. This committee, however, and this Congress, I am certain will never use that power in that manner.

But you will come close to doing that if you increase the taxes on mutual thrift organizations. Their liquidity, their solvency, their usefulness, depend on their ability to build up their reserves.

I beg of you not to engage in a strictly banking function of determining what is or is not a proper reserve through the guise of a tax measure.

I am not raising the jurisdictional question that this is a proper subject for hearings by the Banking and Currency Committee. I am pointing out that this question is not as it has been made to appear, a simple tax problem. It is not. It has much greater implications. Before you have any right to change this tax formula you must determine that the reserves of these institutions are high enough for safe and sound operation and that such reserves must not be permitted to increase at the same rate as at present. I say all the proof is to the contrary.

In 1951, Mr. Chairman, the House and the Senate considered this same proposal—to impose a corporate income tax on the mutual savings banks. It was felt then that the Korean emergency demanded that such a tax be imposed. We determined then, however, as I think we must determine now, that the proper functioning of the mutuals requires that they be allowed to accumulate reserves, by deduction from gross income, to protect depositors against loss. The Congress at that time made specific provision in section 593 of the Internal Revenue Code to safeguard this very function of the mutuals. It is this provision of the Code that you are being asked to review and change.

I have carefully analyzed the arguments pro and con advanced on this subject by the financial institutions. I am convinced that the inequalities that the commercial bankers attempt to establish add up to a straw man. If there should be a tax on the mutuals before they pay the net earnings to their shareholders and depositors, then the interest which commercial bankers pay on their thrift and time accounts should not be a deductible expense before arriving at the taxable income of the commercials.

If the administration and the commercial bankers are serious in their contention for equality we should impose upon the commercial banks the same requirements we impose upon the mutuals by requiring that time and savings accounts in the commercials may be invested only in the same investments permitted to the mutuals. Let us further require that for those funds, the commercials must carry the same reserves as are required of the mutuals. It appears to me that this would remove the inequality that the commercial bankers insist is present. Let us not overlook a real inequality that exists: the mutuals are required to pay for the use of almost every dollar with which they operate (at least 93 percent thereof), while the commercials are permitted to use 70 percent of their resources (that is their demand deposits) free of cost.

The commercial bankers will dispute that statement by saying that they render a serv-

ice to the owners of their demand accounts which costs the bank money. The fact is that, with rare exception, any demand account that does not pay its own way by service charges or otherwise is very quickly closed out by the bank.

Furthermore, the mutuals can use only their depositors' and shareholders' money for investment and can create no checkbook money.

Commercial banks are constantly creating, by their loans, new checkbook money, which after deducting a reserve, they can lend out all over again.

Under present tax law, both mutuals and commercials are subject to the same normal tax and surtax; both are subject to the same rate; both may deduct operating expenses; both may deduct taxes paid to State and local governments; both may deduct interest paid to depositors; both may deduct additions to reserves for bad debts; and both compute their reserve deduction differently than other taxpayers.

Mutual savings banks have a provision for reserve additions which takes account of their special needs. Except upon liquidation, these reserves can only be used for losses. As already indicated, the commercials can use their reserves as the basis for new loans and the creation of new checkbook money.

Commercial banks also have a unique formula that enables them to base their deduction on losses sustained 30 years ago.

A heavier tax on savings banks, which would in turn reduce interest rates to depositors and thus reduce total savings, would reduce funds for home financing in the years ahead—one of the very things we must avoid if we are not to negate the gains made in this area by the passage of the Housing Act of 1961.

A heavier tax on mutuals would reduce the reward for savings by reducing the interest rate paid to millions of savers. This would first penalize the saver of modest means who prefers to save in a specialized mutual thrift institution.

Tax equality arguments of the commercial bankers are fallacious. Commercial bank income tax payments to the Treasury result mainly from their very profitable earnings from short-term commercial lending. They use their savings and time accounts in the same manner as their demand money.

Mr. Chairman, I would like to suggest that the need, the use and the amount of reserves should be judged on individual merit—there is every reason not to equalize these requirements between commercial banks and mutual and savings institutions. It is my conviction that to do so would result in serious consequences to our economic stability. A sound thrift system is as essential to national security as is immediate Treasury revenue.

I said earlier that 70 percent of the operating funds of the commercial banks is cost free to them. The figures are quite interesting. I use the year 1960 throughout.

Total assets of all commercial banks was in excess of \$282,800 million. Of that their capital assets, including surplus, undivided profits and total reserves, were \$41,800 million. Their deposits were \$213 billion.

Bear in mind that they are prohibited by law from paying any interest on their demand accounts and the maximum interest most of them are permitted to pay on time and savings accounts is 3 percent. The mutuals must pay dividends on the full amount of all of their accounts. The commercials use in their income earning operations all of their deposit moneys less only the amount that they are required to carry as reserves pursuant to either the Federal Reserve Act, if they are members of the Federal Reserve

System, or of State law if they are not in the System.

In 1960 they paid dividends to their stockholders of \$832 million, an average of 7.4 percent of their income. In the same year they paid \$1,785 million as interest on their time and savings accounts. All of that interest was tax deductible as an expense of operation before they paid any taxes. They paid out for salaries and wages 25 percent of their income as against only 7 percent paid by savings banks.

On the other hand, the mutual savings banks had total deposits of \$36 billion and the savings and loan associations had total deposits of \$58 billion. All of these moneys of course belong to the depositors. The savings banks earned and paid dividends to their owners of slightly more than \$1 billion, or an average of 3.49 percent. Savings banks' total surplus and reserves were only \$3,600 million. Savings and loan total surplus and reserves were about \$4 billion.

Savings banks, out of total income of \$1,600 million paid out 67 percent in dividends to their depositors for a total of \$1,073 million, while adding to their surplus and reserve accounts \$168 million, or 10.5 percent.

The savings and loan associations paid out 57 percent of their earnings to their depositors.

It should be borne in mind that the commercial banks can be required by the banking authorities to increase their capital when their financial condition requires it. The only way a mutual can improve its capital position is by increasing its surplus and reserve by additions thereto out of earnings.

I most respectfully direct your attention to the political impact of increasing the tax on mutual thrift institutions and thereby reducing the income or return to the depositors and shareholders in these fine organizations.

There are almost 37 million depositors in the mutual savings banks of the country. There are more than 27 million shareholders or depositors in the mutual savings and loan associations of the country. There are over 12 million depositors or shareholders in mutual credit unions. This makes a total of well over 76 million accounts that will be affected by what you do here.

Certainly you should not do anything until you hear from the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation as to what they think are required as proper reserves and at what rate those reserves must increase to keep our thrift system sound.

Bear in mind that FDIC today has total assets to insure its accounts of only \$1.84 for every \$100 of insured accounts and the FSLIC has only 67 cents for every \$100 of insured accounts.

The one sure test of the sufficiency of the reserves of both the savings banks and the savings and loan associations is this:

Whenever the Congress can safely repeal the FDIC uncontrolled borrowing power from the Treasury of \$3 billion and that of FSLIC of three-fourths of a billion dollars, the two systems will have built up sufficient reserves of their own to assure safety, soundness, and liquidity. Until then, we must not tamper with their reserves or the rate of growth thereof.

For those who might be inclined to feel sorry for the poor commercial banks, may I suggest they read the item in the American Banker of August 7, 1961, headlined "Bank Stocks Reach New High Level," which includes the prediction that an even better year is ahead for them, better than their best year thus far.

I urge you as strongly as I can, not to change the tax structure of these mutual thrift institutions at this time.



**Cuban Embargo**  
EXTENSION OF REMARKS  
OF  
**HON. SEYMOUR HALPERN**  
OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES  
Tuesday, August 15, 1961

Mr. HALPERN. Mr. Speaker, H.R. 8689, which I introduced, calls for a complete embargo on goods to and from Cuba.

Earlier this year I called on President Kennedy to invoke a complete ban on Cuban imports and exports but to this day, Cuba is still doing business in many commodities with the United States. How ironic a situation, Mr. Speaker. How ridiculous, if it were not so tragic.

Ninety miles from our shores, Cuba, under the Castro regime, has become a Soviet satellite and its government has confiscated hundreds of millions of dollars worth of American property. Nevertheless, our Nation, acknowledged as the leader of the free world, continues to provide Dictator Castro with the cash which he desperately needs to maintain his antidemocratic, anti-U.S. regime. Time is long overdue for imposing and enforcing a firm embargo across the board to end this ridiculous and damaging contradiction.

In introducing this legislation I join my distinguished colleague, the gentleman from Florida, PAUL ROGERS, who has provided superb leadership in this Congress to effectuate such an embargo. I am privileged to associate myself with him as cosponsor of this legislation.

The bill would effect such an embargo by banning all interstate shipment of goods imported into the United States from Cuba, and all goods destined for export to Cuba. It now seems necessary for Congress to take strong action and end the continuous flow of American dollars to the Castro regime. This bill would prevent the interstate transportation of goods to or from Cuba and would end the outflow of more than \$1 million per month that Cuba still receives from this trade. This measure would further ban goods shipped from any third country through the United States to or from Cuba.

There is no excuse, no justification for the continuation of trade with Cuba. It is time to resolve the present paradox of our Cuban policy. We have, on the one hand, withdrawn diplomatic relations, branded Castro's government as Communist, supported free Cubans in their efforts for liberation, and cut the importation of sugar from Cuba into the United States. Yet, we still allow many other Cuban imports into this country in exchange for U.S. dollars, foodstuffs, and many other items whose exportation can only bolster the Castro regime.

Surely this policy cannot continue if we expect to advance freedom at full speed in Cuba. Positive action is necessary to hasten Castro's downfall. Mr. Speaker, I proudly join my colleagues who are fighting for this objective and call upon the Congress to enact a complete trade embargo which would help end this tyranny.

**Klamath's Sheriff of Old West Practices**  
Modern Penology

EXTENSION OF REMARKS  
OF  
**HON. AL ULLMAN**

OF OREGON  
IN THE HOUSE OF REPRESENTATIVES  
Tuesday, August 15, 1961

Mr. ULLMAN. Mr. Speaker, Sheriff "Red" Britton of Klamath County, Ore., has long been well known in our part of the country, both for the efficient administration of his office and for the unique museum and display maintained at the Klamath County Jail, which makes it a must for visitors to Klamath Falls. The Portland Reporter, in its August 7 edition, paid tribute to Sheriff Britton and it is a pleasure to call the article to my colleagues' attention:

KLAMATH'S SHERIFF OF OLD WEST PRACTICES  
MODERN PENOLOGY  
(By Mary Ann Campbell)

KLAMATH FALLS.—Most law enforcement officers, in the tradition of the Royal Canadian Mounties, have to go out and get their man.

But Oregon has one sheriff whose job is greatly simplified because wanted men come to him.

This unusual sheriff who is sought out by criminals instead of the other way around is J. Murray "Red" Britton of Klamath County.

One such turned up at the sheriff's office on the second floor of the courthouse in Klamath Falls one day this spring and asked if Britton was looking for him.

"Heck, no," "Red" said, "What would I want with you?"

His visitor shrugged and left.

Twenty minutes later, Britton discovered he did indeed have a warrant for the man, on charges of contributing to the delinquency of a minor. City and State police began looking for the man, but "Red" assured them he'd be back.

He was right. The wanted man returned and again asked if the sheriff wasn't looking for him. This time, Britton told him he was indeed wanted and booked him.

Another man, charged with murder, drove his Thunderbird out to "Red's" house to give himself up. He arrived just as Red was sitting down to supper. Red invited him to join him, but the suspect had eaten, so he talked with the sheriff until the meal was finished. Then, the two men drove in their own cars to the county jail.

"Red" gets along well with his charges, both white men and Klamath Indians, because he encourages the men to work in their own trades or to develop trades while serving time in his jail.

Eddie Chiloquin, whose grandfather was the man the reservation town of Chiloquin was named after, has painted several pictures for the jail. His study of a buffalo hunt hangs in the jail office, his Indian horses are displayed over the piano in the small recreation room, and his religious paintings, copied from small Sunday school cards, hang in the hallways of each of the building's three floors.

A saddlemaker, Stephen Walcott, whose parole somehow got revoked this summer, spends his time in jail making saddles and repairing those used by the sheriff's mounted posse. He has made a magnificent black leather saddle with silver trimmings for use on special occasions and important parades. Financing for these projects largely comes out of "Red's" own pocket.

To provide the prisoners with reading material, "Red" has set up a small library of

donated books, which contains such diverse titles as "Plutarch's Lives," "Chips Off the Old Benchley" and "Double Muscadine." There is a stack of back issues of the National Geographic, old school books and several Bibles, but more volumes would be welcomed.

Readers sit beside the bookshelf on a solid walnut bench made by "Red" in 1928 as a project for his eighth grade manual training class in Toppenish, Wash.

Because he believes the men in his care must keep some rights as human beings, "Red" has provided them with a television set in the recreation room and a subscription to the Klamath Falls Herald & News, the local daily. He also has a barber come in to give shaves and haircuts at prevailing union scale on certain days each week.

Britton is especially proud of the barber chair. It's 100 years old, and he found it in the town of Sprague River on the Klamath Reservation. Britton has had it restored, so it works as well as when it was brand new. He even has the original headrest with its paper roll to protect the customer's head.

In the evenings, he and such prisoners as have musical talent get together to play the violin, with "Red" providing terrific honky-tonk piano accompaniment. The piano is another item "off the reservation," as "Red" says. It's a four-pedal cabinet grand, made by Weser Bros., New York, and is probably close to the century mark also.

Outside the jail, "Red" and his charges maintain a little pioneer display, which originated during the Oregon Centennial in 1959. There are models of animals, an ox with marble eyes and a horse or two; a copy of an old-fashioned high-wheeled bicycle made by the prisoners, a model of a frontier fort and some old-style tombstones.

"Red" also has acquired the traces of the freight and passenger stagecoach that went between Klamath Falls and Lakeview many years ago. The garden is cared for by trustees, who are permitted to work outside without being under guard. Red believes in their word that they will not run away and can boast that he has never lost a prisoner since he took office on January 16, 1952.

His beliefs are also expressed in a sign hanging over the jail office.

"Our guests are human beings," it reads. "They are here as punishment, not for punishment."

This is a view prison organizations wish were held by more sheriffs throughout the country.

When a forest fire threatened large timber stands near Klamath Falls, Red took some of "my boys" out to help fight the blaze. During the firefighting some of the men were separated from the main group in the burning woods and made their way back to town on foot. State police picked one up on the road outside Klamath Falls and brought him to the sheriff's office, charging him with attempted escape.

"Red" hotly defended his prisoner.

"He wasn't escaping," he explained, "I let him out."

Odd though this statement sounds from a law enforcement officer, the system works. The man really was returning to the jail and "Red's" custody.

**Temple University's Police Science and**  
Administration Program

EXTENSION OF REMARKS  
OF  
**HON. HERMAN TOLL**

OF PENNSYLVANIA  
IN THE HOUSE OF REPRESENTATIVES  
Tuesday, August 15, 1961

Mr. TOLL. Mr. Speaker, I would like to bring to the attention of all Members



of Congress some new developments in police science and administration. A new curriculum in police science and administration was established at Temple University in September 1960, under the direction of Dean William A. Schrag, of the community college. The need for an organized program in this field was recognized by the Law Observance Committee of the Philadelphia Chapter of the Federal Bar Association. A committee of local education and law enforcement officials, under the leadership of Harry D. Shargel, Esq., analyzed the needs and recommended a program of study which resulted in the curriculum in police science and administration.

The following courses are offered:

Police supervision and leadership; criminal investigation; criminal law and procedure; social aspects of police administration; police organization and administration; juvenile laws, crime, and delinquency; probation and parole administration; introduction to criminology; laboratory technique; evidence and court procedure; traffic engineering and control; personal property and sales.

Upon the completion of 16 credit hours of these courses a certificate is given to the student. If the student completes an additional 44 credit hours in the Community College of Temple University, he is awarded the degree of associate in science. Programs of this type go a long way in helping to make our police systems more efficient and the administration of law more effective. The program also points toward a solution of the problems of juvenile delinquency. I hope that all communities will take notice of this step forward and in some way follow this lead. I have included a copy of the professional program to show the details of the course:

**A PROFESSIONAL PROGRAM IN POLICE SCIENCE AND ADMINISTRATION WITH THE DEGREE OF ASSOCIATE IN SCIENCE, COMMUNITY COLLEGE OF TEMPLE UNIVERSITY, PHILADELPHIA, PA.**

**POLICE SCIENCE AND ADMINISTRATION FACULTY**  
Edward J. Burke, B.S., M.S., Ph. D. in chemistry, police chemist, Philadelphia Police Department.

David L. Chomitz, B.S. in education, M.A., Ed. D., assistant professor of business and chairman of the business division, Temple University Community College.

Robert H. Coates, B.S., M.S. in Ed., director of school extension, School District of Philadelphia.

Harold E. Cox, B.A., M.A., Ph. D., assistant professor of social sciences, Temple University Community College.

John Freehafer, B.S. in education, M.S. in education, M.A., Ph. D., associate professor of English and chairman of the general arts division, Temple University Community College.

James W. Gaither, B.A., Ed. M., Ed. D., assistant professor of psychological studies and director of guidance, Temple University Community College.

Howard R. Leary, B.S., LL.B., deputy commissioner, Philadelphia Police Department.

James J. McNamee, staff inspector, Philadelphia Police Department.

Richard Overmyer, B.S., M.S. in C.E., deputy commissioner, department of streets, traffic engineering, city of Philadelphia.

John O. Reinemann, LL.B., LL.D., director of probation, municipal court, city of Philadelphia.

Ernest F. Roberts, B.A., LL.B., professor of law, Villanova University Law School.

Robert J. Selfridge, inspector, Philadelphia Police Department.

E. Preston Sharp, A.B., M.A., Ph. D., executive director, youth study center, city of Philadelphia.

Curtis Wright, Jr., B.S., J.D., LL.M., S.J.D., professor of law, Temple University Law School.

Charles P. Zerbe, B.S., LL.B., assistant district attorney, Montgomery County.

**ESTABLISHED IN 1960**

The curriculum in police science and administration, the first of its kind in the Delaware Valley area, was established at the Community College of Temple University in September 1960.

The need for an organized program in police science and administration was recognized at a law observance conference held by the Federal Bar Association. A committee of local education and law enforcement officials, under the leadership of Mr. Harry D. Shargel, analyzed the needs and recommended a program of study which resulted in the curriculum in police science and administration which offers the degree of associate in science from the Community College of Temple University.

The following sponsoring organizations and individuals jointly announced the establishment of the police science and administration program: Dr. Millard E. Gladfelter, president of Temple University; Dr. Allen H. Wetter, superintendent of schools; Mr. Albert N. Brown, Philadelphia police commissioner; Mr. Denis W. Gealer, past president of the Delaware Valley Association of Professional Police Officials; Mr. G. A. McLaughlin, president of the Police Chiefs Association of Southeastern Pennsylvania and superintendent of police, Lower Merion Township; and Mr. Francis D. Deegan, superintendent, Fairmont Park Police.

The police science and administration advisory committee is composed of Mr. Albert N. Brown, Philadelphia police commissioner, chairman; Mr. Howard Leary, deputy commissioner, Philadelphia police, secretary; Lt. Col. Henry Bassetti, provost marshal, Philadelphia Quartermaster Depot; Capt. Joseph Bonner, Delaware Valley Association of Professional Police Officials; Inspector Philip J. Cella, Fairmount Park Police; Dr. Dalibor W. Kralovec, Philadelphia Board of Education; Staff Inspector James J. McNamee, Philadelphia police; Dr. William A. Schrag, dean, Community College and Technical Institute of Temple University; Staff Inspector Edwin S. Schriver, Philadelphia police; Mr. Henry D. Shargel, Federal Bar Association; Mr. Frank A. Sweeney, chief of police, Borough of Jenkintown and first vice president, International Association of Chiefs of Police, Inc.

**POLICE SCIENCE AND ADMINISTRATION LEADING TO THE DEGREE OF ASSOCIATE IN SCIENCE**

Elect eight courses (16 semester-hour credits):

Police science 1e: police supervision and leadership.

Police science 5e: criminal investigation.

Police science 9e-10e: criminal law and procedure.

Police science 11e: social aspects of police administration.

Police science 21e: police organization and administration.

Police science 25e: juvenile laws, crime and delinquency.

Police science 26e: probation and parole administration.

Police science 29e: introduction to criminology.

Police science 31e: laboratory techniques.

Police science 35e-36e: evidence and court procedure.

Police science 41e: traffic engineering and control.

Police science 43e: personal property and sales.

**Semester hour credits**

Business 3e: personal finance.....	2
Business 4e: mathematics of business...	2
Business 31e: law of business contracts...	2
Business 32e: law of negotiable instruments.....	2
English 1e-2e: written communications.....	4
English 3e: public speaking.....	2
English 4e: advanced public speaking.....	2
English 12e: periodical literature.....	2
Psychology 1e: personal psychology.....	4
Psychology 2e: human relations in business.....	2
Secretarial 1e: elementary typing.....	2
Social Science 21e: American political institutions.....	2
Social Science 31e: contemporary social problems.....	2
Social Science 41e: contemporary political systems.....	2
Electives (any academic course offered by Community College).....	12

**CERTIFICATE PROGRAM—PROFESSIONAL COURSES LEADING TO A CERTIFICATE IN POLICE SCIENCE AND ADMINISTRATION**

**Semester-hours credit**

Police supervision and leadership.....	2
Criminal investigation.....	2
Criminal law and procedure.....	4
Social aspects of police administration.....	2
Police organization and administration.....	2
Juvenile laws, crime, and delinquency.....	2
Probation and parole administration.....	2
Introduction to criminology.....	2
Laboratory techniques.....	2
Evidence and court procedure.....	4
Traffic engineering and control.....	2
Personal property and sales.....	2

Upon the successful completion of 16 semester hours a certificate will be awarded. All law-enforcement personnel, attorneys, or individuals interested in professional police activities are eligible.

**ASSOCIATE DEGREE**

These 16 certificate credits may be used to satisfy part of the requirements for the associate degree in police science and administration.

To apply for degree status, you must file a Temple University application and take the Communist College aptitude test.

Advanced standing toward the associate degree may be requested for comparable degree courses taken at accredited colleges.

For class schedule and tuition, write to the Office of the Dean of the Community College, Cheltenham Avenue and Sedgwick Street, Philadelphia, Pa.

**LAWS RELATIVE TO THE PRINTING OF DOCUMENTS**

Either House may order the printing of a document not already provided for by law, but only when the same shall be accompanied by an estimate from the Public Printer as to the probable cost thereof. Any executive department, bureau, board, or independent office of the Government submitting reports or documents in response to inquiries from Congress shall submit therewith an estimate of the probable cost of printing the usual number. Nothing in this section relating to estimates shall apply to reports or documents not exceeding 50 pages (U.S. Code, title 44, sec. 140, p. 1938).

Resolutions for printing extra copies, when presented to either House, shall be referred immediately to the Committee on House Administration of the House of Representatives or the Committee on Rules and Administration of the Senate, who, in making their report, shall give the probable cost of the proposed printing upon the estimate of the Public Printer, and no extra copies shall be printed before such committee has reported (U.S. Code, title 44, sec. 133, p. 1937).